

## IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY U.S. PERSON (AS DEFINED IN REGULATION S UNDER UNITED STATES SECURITIES ACT OF 1933, AS AMENDED) OR TO ANY PERSON OR ADDRESS IN THE U.S.

**IMPORTANT: You must read the following before continuing.** The following applies to the prospectus attached to this electronic transmission, and you are therefore advised to read this carefully before reading, accessing or making any other use of the prospectus. In accessing the prospectus, you agree to be bound by the following terms and conditions, including any modifications to them at any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE SECURITIES OF THE ISSUER IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES HAVE 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. THE NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT). THE FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

THE NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTORS IN THE EEA. FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU; (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE 2016/97/EC (AS AMENDED OR SUPERSEDED), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN DIRECTIVE 2003/71/EC.

CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (AS AMENDED, THE "**PRIIPS REGULATION**") FOR OFFERING OR SELLING THE NOTES AND THE CERTIFICATES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE NOTES AND THE CERTIFICATES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

EXCEPT WITH THE PRIOR WRITTEN CONSENT OF THE SELLER (A "**U.S. RISK RETENTION CONSENT**") AND WHERE SUCH SALE FALLS WITHIN THE EXEMPTION PROVIDED BY SECTION 20 OF THE FINAL RULES PROMULGATED UNDER SECTION 15G OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE "**U.S. RISK RETENTION RULES**"), THE NOTES AND THE CERTIFICATES OFFERED AND SOLD BY THE ISSUER MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY "U.S. PERSON" AS DEFINED IN THE U.S. RISK RETENTION RULES ("**RISK RETENTION U.S. PERSONS**"). PROSPECTIVE INVESTORS SHOULD NOTE THAT THE DEFINITION OF "U.S. PERSON" IN THE U.S. RISK RETENTION RULES IS SUBSTANTIALLY SIMILAR TO, BUT NOT IDENTICAL TO THE DEFINITION OF "U.S. PERSON" IN REGULATION S. EACH PURCHASER OF THE NOTES, THE CERTIFICATES OR A BENEFICIAL INTEREST THEREIN ACQUIRED IN THE INITIAL SYNDICATION OF THE NOTES OR THE CERTIFICATES, BY ITS ACQUISITION OF THE NOTES, THE CERTIFICATES OR A BENEFICIAL INTEREST THEREIN WILL BE DEEMED TO HAVE MADE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT (1) EITHER (i) IS NOT A RISK RETENTION U.S. PERSON OR (ii) HAS OBTAINED A U.S. RISK RETENTION CONSENT FROM THE SELLER, (2) IS ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE, AND (3) IS NOT ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN AS PART OF

A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES (INCLUDING ACQUIRING SUCH NOTE THROUGH A NON-RISK RETENTION U.S. PERSON, RATHER THAN A RISK RETENTION U.S. PERSON, AS PART OF A SCHEME TO EVADE THE 10 PER CENT. RISK RETENTION U.S. PERSON LIMITATION IN THE EXEMPTION PROVIDED FOR IN SECTION 20 OF THE U.S. RISK RETENTION RULES).

COPIES OF THE FINAL PROSPECTUS WILL BE AVAILABLE FROM THE REGISTERED OFFICE OF THE ISSUER AND THE WEBSITE OF EURONEXT DUBLIN.

This Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither Genesis Mortgage Funding 2019-1 plc or the Co-Arrangers and Joint Lead Managers (as defined herein) nor any person who controls any of them respectively (nor any director, officer, employee or agent of it or affiliate of any such person) accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from the Co-Arrangers and Joint Lead Managers (as defined herein).

# GENESIS MORTGAGE FUNDING 2019-1 PLC

(Incorporated under the laws of England and Wales with limited liability under registered number 12035334)

Notes	Initial Principal Amount	Issue Price	Interest Reference Rate on Floating Rate Notes	Relevant Margin prior to Step-Up Date	Relevant Margin from and including Step-Up Date	Final Maturity Date	Ratings DBRS/S&P
A.....	£175,350,000	100%	Compounded Daily SONIA	1.4%	2.4%	December 2056	AAA(sf) by DBRS and AAAsf by S&P
B.....	£9,450,000	100%	Compounded Daily SONIA	2%	3%	December 2056	AA(sf) by DBRS and AA+sf by S&P
C.....	£5,250,000	100%	Compounded Daily SONIA	2.4%	3.4%	December 2056	A (high)(sf) by DBRS and AAsf by S&P BBB (high)(sf) by DBRS and A+sf by S&P
D.....	£5,250,000	100%	Compounded Daily SONIA	2.8%	3.8%	December 2056	BB (high)(sf) by DBRS and A-sf by S&P
E.....	£5,250,000	100%	Compounded Daily SONIA	3.75%	4.75%	December 2056	B (low)(sf) by DBRS and BB+sf by S&P
F.....	£4,200,000	99.25%	Compounded Daily SONIA	4.5%	5.5%	December 2056	N/A
G.....	£5,250,000	91.50%	Compounded Daily SONIA	6%	7%	December 2056	N/A
X.....	£3,150,000	100%	Compounded Daily SONIA	4.2%	N/A	December 2056	N/A
Z.....	£4,200,000	69%	Compounded Daily SONIA	4.75%	N/A	December 2056	N/A
Certificates .....	N/A	N/A	N/A	N/A	N/A	N/A	N/A

The date of this Prospectus is 27 August 2019

*Co-Arrangers*

**Macquarie Bank International Limited**

**National Australia Bank Limited**

*Joint Lead Managers*

**Macquarie Bank Limited, London Branch**

**National Australia Bank Limited**

<b>Issue Date</b> .....	The Issuer expects to issue the Notes and the Certificates in the classes set out above on 28 August 2019 (the " <b>Issue Date</b> ").
<b>Underlying Assets</b> .....	<p>The Issuer will make payments on the Notes and the Certificates from, <i>inter alia</i>, payments of principal and revenue received from a portfolio comprising mortgage loans acquired from Bluestone Mortgages Limited (the "<b>Seller</b>") and secured over residential properties located in England, Wales and Scotland which will be purchased by the Issuer (i) on the Issue Date and (ii) on any date from (and including) the Issue Date to (and including) the Determination Date prior to the first Interest Payment Date (the "<b>Final Additional Loan Purchase Date</b>").</p> <p>Please refer to the sections entitled "<i>Constitution of the Mortgage Pool</i>" and "<i>Description of the Loans and Eligibility Criteria</i>" for further information.</p>
<b>Credit Enhancement</b> .....	<ul style="list-style-type: none"> <li>• any Available Revenue Funds in excess of: (i) senior costs; (ii) interest due on and remedying any Principal Deficiency on the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, G Notes, the X Notes and the Z Notes and (iii) certain amounts credited to the General Reserve Fund ("<b>Excess Spread</b>") (if any);</li> <li>• the subordination of junior ranking Notes upon enforcement; and</li> <li>• following the service of an Enforcement Notice, all amounts standing to the credit of the General Reserve Fund and the Liquidity Reserve Fund (if any) shall be applied as Available Principal Funds in accordance with the Post-Enforcement Priority of Payments.</li> </ul> <p>Please refer to the section entitled "<i>Credit Structure</i>" for further information.</p>
<b>Liquidity Support</b> .....	<ul style="list-style-type: none"> <li>• amounts standing to the credit of the General Reserve Fund Ledger to make up any Shortfall in respect of the A Notes, the B Notes, the C Notes, the D Notes, the E Notes and the F Notes;</li> <li>• prior to the service of an Enforcement Notice, amounts standing to the credit of the Liquidity Reserve Fund to make up any Revenue Shortfall in respect of the A Notes; and</li> <li>• application of Principal Addition Amounts to make up any Further Revenue Shortfall in respect of the A Notes and (if the A Notes have been redeemed in full) the relevant item corresponding to the payment of amounts (other than in respect of principal) in respect of the then Most Senior Class; and</li> </ul> <p>Please refer to the section entitled "<i>Credit Structure</i>" for further information.</p>
<b>Redemption Provisions</b> .....	Information on any optional and mandatory redemption of the Notes is summarised on page 13 (" <i>Transaction Overview — Terms and Conditions of the Notes and Certificates</i> ") and set out in full in Notes Condition 5 ( <i>Redemption</i> ).

<b>Credit Rating Agencies</b> .....	<p>In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Community and registered under the CRA3.</p> <p>Each of DBRS and S&amp;P is established in the European Union and is registered under the CRA3.</p>
<b>Credit Ratings</b> .....	<p>Ratings are expected to be assigned to each class of Rated Notes on or before the Issue Date. For the avoidance of doubt, the G Notes, the X Notes and the Z Notes are not expected to be assigned ratings.</p> <p>For further information see the section entitled "<i>Credit Structure</i>".</p>
<b>Listing</b> .....	<p>This document comprises a prospectus for the purpose of the Prospectus Regulation. This Prospectus has been approved by the Central Bank of Ireland as competent authority under the Prospectus Regulation. The Central Bank of Ireland has only approved this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or of the quality of the Notes that are the subject of this Prospectus and investors should make their own assessment as to the suitability of investing in the Notes. Application has been made Euronext Dublin for the Notes to be admitted to the official list and to trading on its regulated market. There can be no assurance that any such approval will be granted or, if granted, that such listing will be maintained. The Regulated Market of Euronext Dublin is a regulated market for the purposes of the Markets in Financial Instruments Directive.</p>
<b>Benchmarks</b> .....	<p>Interest payable under the Notes may be calculated by reference to SONIA. As at the date of this Prospectus, the administrator of SONIA is not included in the European Securities and Markets Authority's ("<b>ESMA</b>") register of administrators under Article 36 of Regulation (EU) 2016/1011 (the "<b>Benchmarks Regulation</b>").</p> <p>As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that the Bank of England is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).</p>
<b>Obligations</b> .....	<p>The Notes and the Certificates will be obligations of the Issuer alone and will not be guaranteed by, or be the responsibility of, any other entity. The Notes and the Certificates will not be obligations of, and will not be guaranteed by, or be the responsibility of any Transaction Party other than the Issuer.</p>
<b>Definitions</b> .....	<p>Please refer to the section entitled "<i>Glossary of Defined Terms</i>" for definitions of defined terms.</p>
<b>EU Retention Undertaking</b> .....	<p>The Seller (the "<b>Risk Retention Holder</b>") will undertake in the Retention Letter to retain, on an ongoing basis as an originator within the meaning of Regulation (EU) 2017/2402 (the "<b>Securitisation Regulation</b>"), a material net economic interest of not less than 5 per cent. in the securitisation, as required by Article 6 of the Securitisation Regulation (which does not take into account any relevant national measures) (the "<b>EU Retention Requirement</b>"). In order to satisfy the EU Retention Requirement on the Issue Date, the Risk Retention Holder will, in accordance with</p>

Article 6(3)(a) of the Securitisation Regulation, acquire, and hold on an ongoing basis, not less than 5 per cent. of the nominal value of each of the tranches of Notes (other than the X Notes and the Z Notes) sold or transferred to investors so as to hold exposure to the Retained Interest at not less than the EU Retention Requirement. Any change to the manner in which such interest is held will be notified to investors.

Certain undertakings are given by the Risk Retention Holder in the Retention Letter concerning the EU Retention Requirement.

Please refer to the section entitled "*Certain Regulatory Disclosures*".

**U.S. Risk Retention Rules** ..... The Seller does not intend to retain at least 5 per cent. of the credit risk of the securitized assets for purposes of compliance with the final rules promulgated under the U.S. Risk Retention Rules, but rather intends to rely on an exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions.

Except with the prior written consent of the Seller and where such sale falls within the exemption provided by Section 20 of the U.S. Risk Retention Rules, the Notes offered and sold by the Issuer may not be purchased by, or for the account or benefit of, any Risk Retention U.S. Person. In any event, no more than 10 per cent. of the dollar value of all Classes of Notes and Certificates may be sold or transferred to, or for the account or benefit of the Risk Retention U.S. Persons.

Please refer to the section entitled "*Compliance with U.S. Credit Risk Retention*".

**Volcker Rule** ..... The Issuer is of the view that it is not now, and immediately following the issuance of the Notes and the application of the proceeds thereof it will not be, a "covered fund" as defined in the regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended, commonly known as the "Volcker Rule". Although other exclusions may be available to the Issuer, this conclusion is based on the determination that the Issuer qualifies for the exclusion from the definition of "investment company" in the Investment Company Act provided by Section 3(c)(5)(C) thereunder.

**THE "RISK FACTORS" SECTION CONTAINS DETAILS OF CERTAIN RISKS AND OTHER FACTORS THAT SHOULD BE GIVEN PARTICULAR CONSIDERATION BEFORE INVESTING IN THE NOTES AND/OR THE CERTIFICATES. PROSPECTIVE INVESTORS SHOULD BE AWARE OF THE ISSUES SUMMARISED WITHIN THAT SECTION.**

### **IMPORTANT NOTICES**

THE NOTES AND THE CERTIFICATES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. 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 PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THE NOTES AND THE CERTIFICATES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT, OR ANY STATE SECURITIES LAWS. THE NOTES AND THE CERTIFICATES MAY NOT BE OFFERED OR SOLD DIRECTLY OR INDIRECTLY WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT. THE NOTES AND THE CERTIFICATES WILL ONLY BE OFFERED AND SOLD OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS PURSUANT TO THE REQUIREMENTS OF REGULATION S UNDER THE SECURITIES ACT. THERE IS NO UNDERTAKING TO REGISTER THE NOTES OR THE CERTIFICATES UNDER STATE OR FEDERAL SECURITIES LAW. THE NOTES AND THE CERTIFICATES CANNOT BE SOLD IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT).

Each initial and subsequent purchaser of Notes or Certificates will be deemed, by its acceptance of such Notes or Certificates 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 Prospectus and, in connection therewith, may be required to provide confirmation of its compliance with such resale or other transfer restrictions in certain cases.

The information contained in this Prospectus was obtained from the Issuer and other sources, but no assurance is or can be given by the Joint Lead Managers, the Co-Arrangers or the Trustee or anyone other than the Issuer as to the adequacy, accuracy or completeness of such information and this Prospectus does not constitute and shall not be construed as any representation or warranty by the Joint Lead Managers, the Co-Arrangers or the Trustee or anyone other than the Issuer as to the adequacy, accuracy or completeness of such information contained herein. None of the Joint Lead Managers, the Co-Arrangers, or the Trustee or anyone other than the Issuer have independently verified any of the information contained herein (financial, legal or otherwise) and in making an investment decision, investors must rely on their own examination of the terms of this Prospectus, including the merits and risks involved. Delivery of this Prospectus to any person other than the prospective investor and those persons, if any, retained to advise such prospective investor with respect to the possible offer and sale of the Notes or Certificates is unauthorised, and any disclosure of any of its contents for any purpose other than considering an investment in the Notes or Certificates is strictly prohibited. A prospective investor shall not be entitled to, and must not rely on, this Prospectus unless it was furnished to such prospective investor directly by the Issuer and the Joint Lead Managers.

The Issuer accepts responsibility for the information contained in this Prospectus. 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 Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The information contained in this Prospectus in the section headed "*Characteristics of the Provisional Completion Mortgage Pool*" has been extracted from information provided by the Servicer. The Issuer accepts responsibility for the accurate reproduction of such extracted information. So far as the Issuer is aware and/or able to ascertain from such information, no facts have been omitted which would render the information inaccurate or misleading. The Issuer has not been responsible for, nor has it undertaken, any investigation or verification of statements, including statements as to foreign law, contained in the information. The Issuer does not make any representation or warranty, expressed or implied, as to the accuracy or completeness of the information and prospective investors in the Notes and/or Certificates

should not rely upon, and should make their own independent investigations and enquiries in respect of, the same.

Where third party information has been used in this Prospectus, the source of such information has been identified. In the case of the presented statistical information, similar statistics may be obtainable from other sources, although the underlying assumptions and methodology, and consequently the resulting data, may vary from source to source. Where information has been sourced from a third party, such publications generally state that the information they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed. As far as the Issuer is aware and able to ascertain from the information published by such third party sources, this information has been accurately reproduced and no facts have been omitted that would render the reproduction of this information inaccurate or misleading.

None of the Issuer, the Co-Arrangers and the Joint Lead Managers, the Trustee or any other person makes any representation to any prospective investor or purchaser of the Notes and/or Certificates regarding the legality of investment therein by such prospective investor or purchaser under applicable legal investment or similar laws or regulations and prospective investors should consult their legal advisers to determine whether and to what extent the investment in the Notes and/or Certificates constitute a legal investment for them.

EXCEPT WITH THE PRIOR WRITTEN CONSENT OF THE SELLER AND WHERE SUCH SALE FALLS WITHIN THE EXEMPTION PROVIDED BY SECTION 20 OF THE U.S. RISK RETENTION RULES, THE NOTES OFFERED AND SOLD BY THE ISSUER MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY "U.S. PERSON" AS DEFINED IN THE U.S. RISK RETENTION RULES ("**RISK RETENTION U.S. PERSONS**"). PROSPECTIVE INVESTORS SHOULD NOTE THAT THE DEFINITION OF "U.S. PERSON" IN THE U.S. RISK RETENTION RULES IS SUBSTANTIALLY SIMILAR TO, BUT NOT IDENTICAL TO, THE DEFINITION OF "U.S. PERSON" IN REGULATION S. EACH PURCHASER OF NOTES, INCLUDING BENEFICIAL INTERESTS THEREIN, WILL BE DEEMED TO HAVE MADE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT (1) IS NOT A RISK RETENTION U.S. PERSON (UNLESS IT HAS OBTAINED THE PRIOR WRITTEN CONSENT OF THE SELLER), (2) IS ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE, AND (3) IS NOT ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES.

EACH PERSON RECEIVING THIS PROSPECTUS ACKNOWLEDGES THAT (I) SUCH PERSON HAS BEEN AFFORDED AN OPPORTUNITY TO REQUEST AND TO REVIEW, AND HAS RECEIVED, ALL ADDITIONAL INFORMATION CONSIDERED BY IT TO BE NECESSARY TO VERIFY THE ACCURACY OF OR TO SUPPLEMENT THE INFORMATION HEREIN, (II) SUCH PERSON HAS NOT RELIED ON THE JOINT LEAD MANAGERS AND CO-ARRANGERS OR ANY PERSON AFFILIATED WITH THE JOINT LEAD MANAGERS AND CO-ARRANGERS IN CONNECTION WITH ITS INVESTIGATION OF THE ACCURACY OF SUCH INFORMATION OR ITS INVESTMENT DECISION, (III) NO PERSON HAS BEEN AUTHORISED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION REGARDING THE NOTES OTHER THAN AS CONTAINED HEREIN, AND IF GIVEN OR MADE, ANY SUCH OTHER INFORMATION OR REPRESENTATION SHOULD NOT BE RELIED UPON AS HAVING BEEN AUTHORISED, AND (IV) NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER WILL CREATE ANY IMPLICATION THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SINCE THE DATE HEREOF. EACH PROSPECTIVE PURCHASER SHOULD CONSULT ITS OWN BUSINESS, LEGAL AND TAX ADVISERS FOR INVESTMENT, LEGAL AND TAX ADVICE AND AS TO THE DESIRABILITY AND CONSEQUENCES OF AN INVESTMENT IN THE NOTES AND/OR CERTIFICATES.

BLUESTONE MORTGAGES LIMITED ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTIONS HEADED "*THE SELLER*", "*SERVICER, ORIGINATOR, LEGAL TITLE HOLDER AND CASH ADMINISTRATOR*", "*CONSTITUTION OF THE MORTGAGE POOL*", "*DESCRIPTION OF THE LOANS AND ELIGIBILITY CRITERIA*", "*CHARACTERISTICS OF THE PROVISIONAL COMPLETION MORTGAGE POOL*", "*TITLE TO THE MORTGAGE POOL*" AND "*CERTAIN REGULATORY DISCLOSURES*". TO THE BEST OF ITS KNOWLEDGE AND BELIEF (HAVING TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE), THE



INFORMATION CONTAINED IN THE SECTION REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION.

NATIONAL AUSTRALIA BANK LIMITED, CITIBANK, N.A., LONDON BRANCH, NATIONAL WESTMINSTER BANK PLC AND INTERTRUST MANAGEMENT LIMITED ACCEPT RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTIONS HEADED "*THE SWAP COUNTERPARTY*", "*THE ACCOUNT BANK, THE SWAP COLLATERAL ACCOUNT BANK, THE AGENT BANK, THE PRINCIPAL PAYING AGENT AND THE REGISTRAR*", "*THE COLLECTION ACCOUNT PROVIDER*" AND "*THE SERVICER FACILITATOR, THE CASH ADMINISTRATOR FACILITATOR AND THE CORPORATE SERVICES PROVIDER*" RESPECTIVELY. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF NATIONAL AUSTRALIA BANK LIMITED, CITIBANK N.A., LONDON BRANCH, NATIONAL WESTMINSTER BANK PLC AND INTERTRUST MANAGEMENT LIMITED (HAVING TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE), THE INFORMATION CONTAINED IN THE RELEVANT SECTIONS REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION.

THE CO-ARRANGERS AND THE JOINT LEAD MANAGERS DO NOT ACCEPT ANY RESPONSIBILITY FOR THE COMPLIANCE OF THE ISSUER, THE RISK RETENTION HOLDER, THE SELLER OR ANY OTHER TRANSACTION PARTY WITH REQUIREMENTS OF THE SECURITISATION REGULATION.

This Prospectus comprises a Prospectus for the purposes of the Prospectus Regulation and for the purpose of giving information with regard to the Issuer, the Notes, and the Certificates, which according to the particular nature of the Issuer, the Notes, and the Certificates, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer. The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Co-Arrangers and Joint Lead Managers to subscribe for or purchase any of the Notes or the Certificates. The distribution of this Prospectus and the offering of the Notes and the Certificates in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Co-Arrangers and the Joint Lead Managers to inform themselves about and to observe any such restrictions.

For a description of further restrictions on offers and sales of the Notes and the Certificates and distribution of this Prospectus, see "*Purchase and Sale*" below.

No person is authorised to give any information or to make any representation not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer, the Trustee or the Co-Arrangers and the Joint Lead Managers. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Notes or Certificates is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

To the fullest extent permitted by law, none of the Joint Lead Managers and the Co-Arrangers or the Trustee or anyone other than the Issuer accepts any responsibility whatsoever for the contents of this Prospectus or for any other statement, made or purported to be made by the Joint Lead Managers and Co-Arrangers or the Trustee or any other person or on their behalf in connection with the Issuer or the issue and offering of the Notes. Each of the Joint Lead Managers and Co-Arrangers, the Trustee or anyone other than the Issuer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement.

Any information sourced from third parties contained in this Prospectus has been accurately reproduced (and is clearly sourced where it appears in this Prospectus) and, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Notes and the Certificates have not been and will not be registered under the Securities Act and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes and the Certificates may not be offered, sold or delivered within the United States or to U.S. persons (as defined in Regulation S under the Securities Act).

Payments of interest and principal in respect of the Notes and the Certificates will be subject to any applicable withholding taxes without the Issuer being obliged to pay additional amounts thereof. References in this Prospectus to "**£**", "**pounds**" or "**sterling**" are to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland and references to "**Euro**", "**EUR**" and "**€**" are to the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty on the Functioning of the European Union, as amended from time to time.

## **MIFID II PRODUCT GOVERNANCE**

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes and the Certificates has led to the conclusion that: (i) the target market for the Notes and the Certificates is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes and the Certificates to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes and the Certificates (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes and the Certificates (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

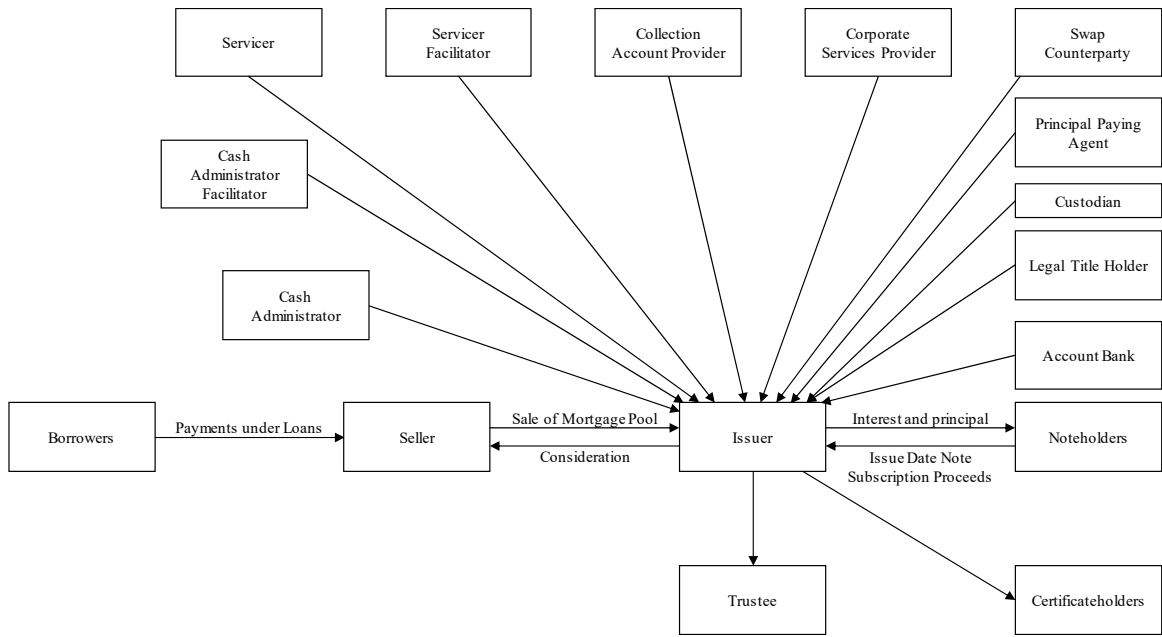
## **PRIIPS REGULATION**

The Notes and the Certificates are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the PRIIPs Regulation) for offering or selling the Notes and the Certificates or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes and the Certificates or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

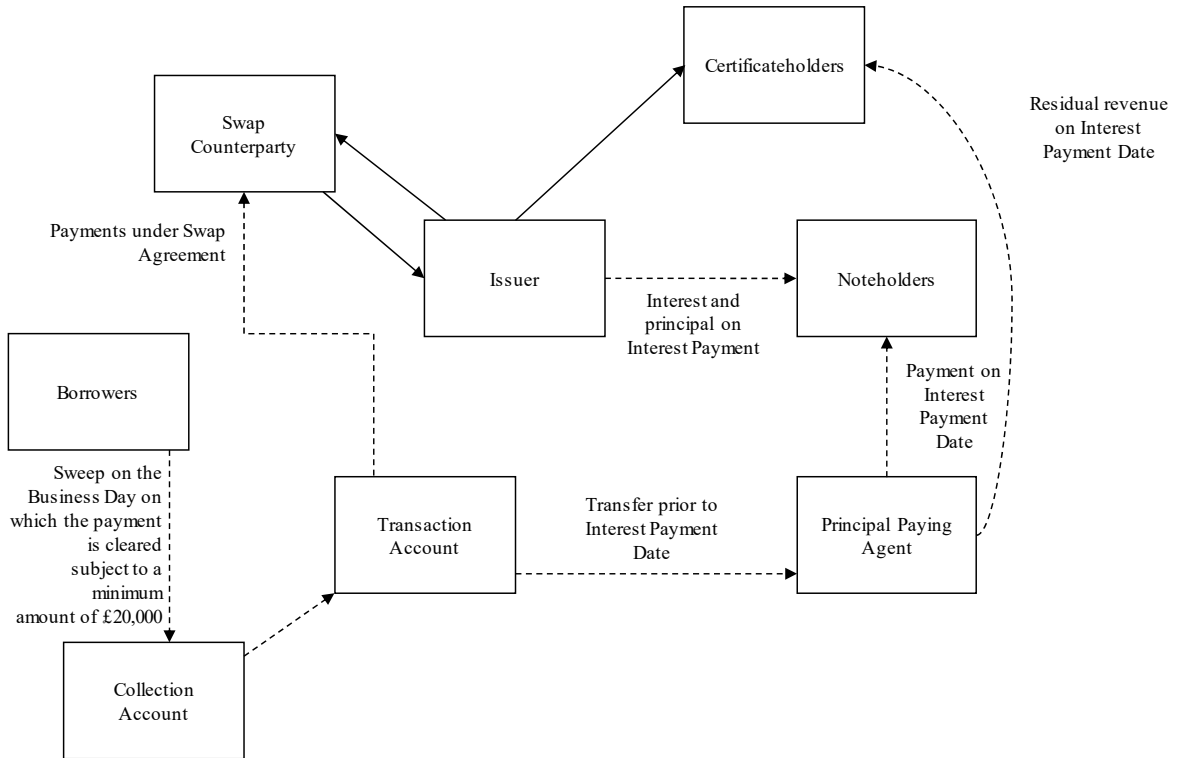
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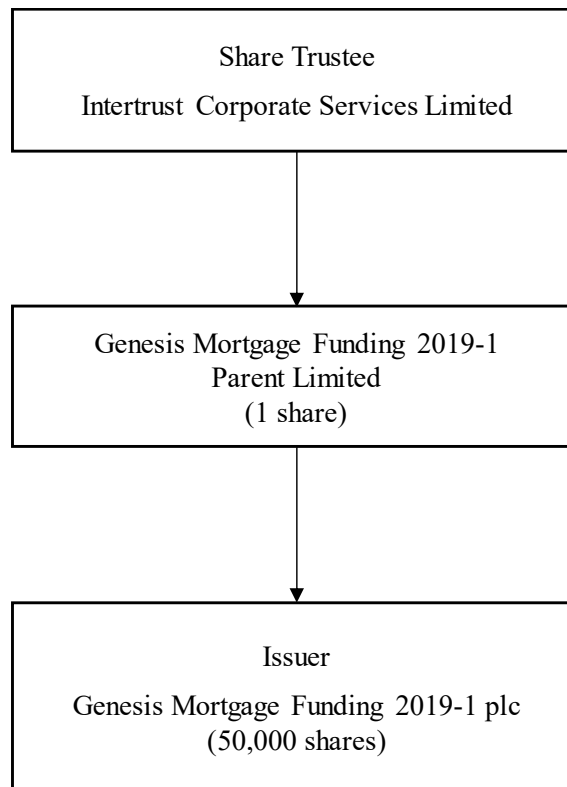
**TRANSACTION OVERVIEW - DIAGRAMMATIC OVERVIEW OF THE TRANSACTION**



**TRANSACTION OVERVIEW - DIAGRAMMATIC OVERVIEW OF ONGOING CASH FLOW**



**TRANSACTION OVERVIEW – DIAGRAMMATIC OVERVIEW OF THE OWNERSHIP  
STRUCTURE**





## TRANSACTION OVERVIEW

The information set out below is an overview of various aspects of the transaction. This overview is not purported to be complete and should be read in conjunction with, and is qualified in its entirety by, references to the detailed information presented elsewhere in this Prospectus.

### Transaction Parties on the Issue Date

<u>Party</u>	<u>Name</u>	<u>Address</u>	<u>Document under which appointed/ Further information</u>
Co-Arrangers.....	Macquarie Bank International Limited	Ropemaker Place, 28 Ropemaker St London, EC2Y 9HD United Kingdom	Note Purchase Agreement.
	National Australia Bank Limited	88 Wood Street London, EC2V 7QQ United Kingdom	Note Purchase Agreement.
Joint Lead Managers ...	Macquarie Bank Limited, London Branch	Ropemaker Place, 28 Ropemaker St London, EC2Y 9HD United Kingdom	Note Purchase Agreement.
	National Australia Bank Limited	88 Wood Street London, EC2V 7QQ United Kingdom	Note Purchase Agreement.
Issuer .....	Genesis Mortgage Funding 2019-1 plc	35 Great St. Helen's, London EC3A 6AP, United Kingdom	N/A
Parent .....	Genesis Mortgage Funding 2019-1 Parent Limited	35 Great St. Helen's, London EC3A 6AP, United Kingdom	N/A
Share Trustee.....	Intertrust Corporate Services Limited	35 Great St. Helen's, London EC3A 6AP, United Kingdom	Share Trust Deed.
Seller .....	Bluestone Mortgages Limited	Melbourne House, 44-46 Aldwych, London, England, WC2B 4LL	N/A
Servicer, Legal Title Holder and Cash Administrator.....	Bluestone Mortgages Limited	Melbourne House, 44-46 Aldwych, London, England, WC2B 4LL	Servicing Agreement and Cash Management Agreement. See the sections entitled " <i>The Seller, Servicer, Originator, Legal Title Holder and Cash Administrator</i> " and " <i>Servicing of the Mortgage Pool and Cash Management</i> " for further information.

<b>Party</b>	<b>Name</b>	<b>Address</b>	<b>Document under which appointed/ Further information</b>
Servicer Facilitator	Intertrust Management Limited	35 Great St. Helen's, London EC3A 6AP, United Kingdom	Servicing Agreement. See the section entitled " <i>Servicing of the Mortgage Pool and Cash Management</i> " for further information.  N/A
Trustee.....	Citicorp Trustee Company Limited	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom	Trust Deed and Deed of Charge. See the section entitled " <i>Terms and Conditions of the Notes</i> " for further information.
Corporate Services Provider .....	Intertrust Management Limited	35 Great St. Helen's, London EC3A 6AP, United Kingdom	Corporate Services Agreement.
Cash Administrator Facilitator.....	Intertrust Management Limited	35 Great St. Helen's, London EC3A 6AP, United Kingdom	Cash Administration Agreement. See the section entitled " <i>Servicing of the Mortgage Pool and Cash Manager</i> " for further information.
Swap Counterparty .....	National Australia Bank Limited	88 Wood Street London, EC2V 7QQ United Kingdom	Swap Agreement.  See the sections entitled " <i>The Swap Agreement</i> " and " <i>The Swap Counterparty</i> " for further information.
Account Bank and Swap Collateral Account Bank .....	Citibank, N.A., London Branch	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom	Bank Agreement.
Collection Account Provider .....	National Westminster Bank plc	250 Bishopsgate London EC2M 4AA United Kingdom	Collection Account Declaration of Trust.
Principal Paying Agent	Citibank, N.A., London Branch	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom	Paying Agency Agreement.
Agent Bank.....	Citibank, N.A., London Branch	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom	Paying Agency Agreement.

<b>Party</b>	<b>Name</b>	<b>Address</b>	<b>Document under which appointed/ Further information</b>
Registrar .....	Citibank, N.A., London Branch	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom	Paying Agency Agreement.
Listing Agent.....	McCann Fitzgerald	Riverside One, 37 - 42 Sir John Rogerson's Quay, Grand Canal Dock, Dublin 2, Ireland	N/A.
Listing Authority and Stock Exchange .....	Irish Stock Exchange trading as Euronext Dublin	28 Anglesea Street, Dublin 2, Ireland	N/A.
Clearing Systems.....	Euroclear	33 Cannon Street, London EC4M 5SB, United Kingdom	N/A.
	Clearstream, Luxembourg	42 Avenue JF Kennedy, L 1855 Luxembourg	N/A.
Rating Agencies .....	Standard & Poor's Rating Services, a division of Standard & Poor's Credit Market Services Europe Limited	20 Canada Square, London E14 5LH, United Kingdom	N/A.
	DBRS	20 Fenchurch Street, 31 <sup>st</sup> Floor, London EC3M 3BY, United Kingdom	
Auditors.....	PricewaterhouseCoopers LLP	The Maurice Wilkes Building, St John's Innovation Park, Cambridge, CB4 0DS	N/A.

## TRANSACTION OVERVIEW - MORTGAGE POOL AND SERVICING

Please refer to the sections entitled "*Constitution of the Mortgage Pool*", "*Description of the Loans and Eligibility Criteria*", "*Title to the Mortgage Pool*" and "*Sale of the Mortgage Pool*" for further detail in respect of the characteristics of the Mortgage Pool and the sale and the servicing arrangements in respect of the Mortgage Pool.

**Sale of Mortgage Pool** ..... The Mortgage Pool will consist of the Loans, the Collateral Security, and all monies derived therein from time to time, which will be sold by the Seller to the Issuer on the Issue Date, pursuant to the Mortgage Sale Agreement, and shall also comprise any Additional Loans which are purchased by the Issuer on any date from (and including) the Issue Date to (and including) the Final Additional Loan Purchase Date.

The Mortgage Pool comprises Loans secured over properties in England, Wales and Scotland.

Each Loan and Collateral Security in respect of properties located in England and Wales is governed by English law. Each Loan and Collateral Security in respect of properties located in Scotland is governed by Scots law.

In this Prospectus, unless otherwise noted, all references to specified percentages of the Loans are references to those Loans as a percentage of the aggregate Principal Balance of the Provisional Completion Mortgage Pool.

See risk factor entitled "*Risks related to the Loans*" for further information.

**Features of Loans** ..... The following is a summary of certain features of the Loans in the Provisional Completion Mortgage Pool as at the Cut-Off Date and investors should refer to, and carefully consider, further details in respect of the Loans set out in "*Characteristics of the Provisional Completion Mortgage Pool*".

Type of Borrower	Non-conforming
Type of Loan	Repayment: 83.35% and Interest Only: 16.65% of the aggregate Principal Balance of the Loans
Charge ranking	First charge mortgages only
Self-certified Loans	No
Fast track Loans	No
Owner Occupier	80.67 per cent. of the aggregate Principal Balance of the Loans
Buy-to-Let Loans	19.33 per cent. of the aggregate Principal Balance of the Loans
Help to Buy Loans	15.88 per cent. of the aggregate Principal Balance of the Loans
Number of Loans in the Provisional Completion Mortgage Pool	1,102

**Consideration**..... Consideration payable by the Issuer to the Seller in respect of the sale of the Loans and Collateral Security by the Seller pursuant to the Mortgage Sale Agreement shall be (i) in respect of the Completion Mortgage Pool, an amount of £194,762,343 (being the Initial Purchase Consideration for the Loans in the Completion Mortgage Pool), (ii) in respect of any Additional Loan, the Additional Loan Purchase Consideration for that Loan and (iii) delivery of the Certificates. The amount in relation to the Completion Mortgage Pool may be settled by way of set-off in the event the Seller agrees to subscribe for some or all of the Notes.

In the event of a breach of any Warranties, the Seller will be required to repurchase, or procure that an affiliate repurchases, the relevant Loan which is subject to a breach of warranty. See "*Repurchase of the Loans and Collateral Security in relation to a breach of Warranty.*"

In the event of: (i) a Loan becoming a Product Switch Loan; and/or (ii) the Legal Title Holder agreeing to pay a Further Advance on a Loan after the Issue Date, the Seller will be required to repurchase, or procure that an affiliate repurchases, the relevant Loan. See "*Repurchase of the Loans and Collateral Security in relation to a breach of Warranty.*"

**Proceeds of the X Notes and the Z Notes**..... The proceeds of the X Notes will be used on the Issue Date to fund:

- (a) the Pre-Funding Revenue Reserve;
- (b) the costs and expenses of the Issuer arising in respect of the purchase of Loans and the issuance of the Notes, including, without limitation, an amount equal to the I to SC Upfront Rebalancing Payment Cap to be utilised to fund any I to SC Upfront Rebalancing Payment on the first Interest Payment Date (the "**Issuer Costs and Expenses**");
- (c) to the extent not funded from the proceeds of the Notes (other than the X Notes and the Z Notes):
  - (i) the purchase by the Issuer from the Seller of the Completion Mortgage Pool on the Issue Date; and
  - (ii) the Pre-Funding Principal Reserve, which may be applied in purchasing Additional Loans on or prior to the Final Additional Loan Purchase Date;
- (d) to the extent not funded from the entire proceeds of the Z Notes, the General Reserve Fund up to the General Reserve Fund Required Amount; and
- (e) payment to the Certificateholders on the Issue Date of any excess proceeds not used under paragraphs (a), (b), (c) and (d) above (the "**Excess X Note Proceeds**").

See the section entitled "*Credit Structure*" for further information.

£250,000 shall on the Issue Date be credited to a separate ledger within the Transaction Account (the "**Start-Up Costs Ledger**") for the payment by the Issuer of such Issuer Costs and Expenses.

Any balance standing to the credit of the Start-Up Costs Ledger on the Determination Date falling immediately prior to the first Interest Payment Date shall, after taking into account any I to SC Upfront

Rebalancing Payments, be paid directly to the Certificateholders on the first Interest Payment Date and will not form part of the Available Revenue Funds.

The entire proceeds of the Z Notes and a proportion of the proceeds from the X Notes will be used to fund the General Reserve Fund up to the General Reserve Fund Required Amount.

**Representations and Warranties .....**

The Seller will make the Warranties to the Issuer and the Trustee on the Issue Date, in relation to the relevant Loans in the Completion Mortgage Pool and on the relevant Purchase Date, in relation to any Additional Loans.

See the section entitled "*Sale of the Mortgage Pool—Warranties and Repurchase*" for further information.

**Repurchase of the Loans and Collateral Security in relation to a breach of Warranty, Product Switches or Further Advances.....**

The Seller shall repurchase, or shall procure that an affiliate repurchases, the relevant Loans upon breach of any Warranties given in respect of the Loans in the Mortgage Pool which has a material adverse effect on the value of the relevant Loan and its related Collateral Security (other than where such breach was disclosed at the point of sale to the Issuer) and which, if capable of remedy, is not so remedied by the Seller or, where applicable, an affiliate within 90 Business Days of notification of such breach to the Seller and the Servicer by the Issuer. If a Loan has never existed, or has ceased to exist, the Seller shall instead be required to make an indemnification payment to the Issuer and the Trustee against any liabilities suffered by reason of the breach of the Warranty relating to that Loan. The amount of such indemnity shall be equal to the Repurchase Price for the Loan had the Loan been repurchased on the Repurchase Date.

The Seller shall repurchase, or shall procure that an affiliate repurchases, (i) Loans which are subject to a Product Switch by making a cash payment equal to the Repurchase Price to the Issuer; and (ii) Loans pursuant to which the Legal Title Holder has agreed to pay a Further Advance after the Issue Date by making a cash payment equal to the Repurchase Price to the Issuer.

**Consideration for repurchase...**

Consideration payable by the Seller or, where applicable, an affiliate, in respect of the repurchase of any relevant Loans and their Collateral Security shall be equal to the Repurchase Price.

**Pre-Funding Reserves .....**

On the Issue Date, it is expected that the Issuer will credit an amount equal to £15,237,657 to the Pre-Funding Principal Reserve Ledger (the "**Pre-Funding Principal Reserve**") and £400,000 to the Pre-Funding Revenue Reserve Ledger (the "**Pre-Funding Revenue Reserve**", together with the Pre-Funding Principal Reserve, the "**Pre-Funding Reserves**"). The Issuer will only be entitled to apply amounts (if any) standing to the credit of the Pre-Funding Reserves in purchasing Additional Loans from time to time and at any time up to and including the Final Additional Loan Purchase Date subject to satisfaction of the applicable Additional Loan Criteria. The applicable Additional Loan Purchase Consideration for such Additional Loans shall be funded by applying (i) the Pre-Funding Revenue Reserve in an amount equal to the component of that Additional Loan Purchase Consideration constituted by item (b) of the definition of Additional Loan Purchase Consideration and (ii) the Pre-Funding Principal Reserve for the remaining amount of that Additional Loan Purchase Consideration.

Any outstanding balance in the Pre-Funding Principal Reserve Ledger as at the Final Additional Loan Purchase Date (taking into account any debits made on that ledger on such date) will be applied *pro rata* in redemption of the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes and the G Notes on the first Interest Payment Date.

Any outstanding balance in the Pre-Funding Revenue Reserve Ledger as at the Final Additional Loan Purchase Date (taking into account any debits made on that ledger on such date) will be credited to the Revenue Ledger and shall be applied as Available Revenue Funds on the first Interest Payment Date.

See "*Sale of the Mortgage Pool – Pre-Funding Reserves*" below.

**Servicing of the Mortgage Pool,  
the Servicer and the Legal  
Title Holder .....**

The Servicer agrees to service the Loans on behalf of the Issuer and the Legal Title Holder in accordance with the Servicing Agreement.

Under the Servicing Agreement, the Issuer will grant the Servicer full right, liberty and authority from time to time to determine, calculate and implement interest rates on the Loans in accordance with the relevant Mortgage Conditions and subject to the provisions of the Servicing Agreement.

The Issuer shall be bound by any discretionary rate set by the Servicer in relation to any Loan in accordance with the Servicing Agreement.

See the sections entitled "*The Seller, Servicer, Originator, Legal Title Holder and Cash Administrator*" and "*Servicing of the Mortgage Pool and Cash Management*".

**Cash Administrator.....**

Pursuant to the terms of the Cash Administration Agreement, the Cash Administrator will agree to perform the duties relating to the cash management and investor reporting in accordance with the Cash Administration Agreement.

See the sections entitled "*The Seller, Servicer, Originator, Legal Title Holder and Cash Administrator*" and "*Servicing of the Mortgage Pool and Cash Management*".

**Perfection Events.....**

Legal title to the Loans will not be vested in the Issuer until the Issuer (with the consent of the Trustee) or, following the service of an Enforcement Notice, the Trustee so decides, which it may do upon the occurrence of certain perfection events under the terms of the Mortgage Sale Agreement (each a "**Perfection Event**"). Prior to the completion of the transfer of the legal title to the Loans, the Issuer will be subject to certain risks as set out in the sections entitled "*Certain Legal and Regulatory Matters affecting the Loans and the Notes – Set-off risk*".

See "*Perfection Events*" in the section entitled "*Triggers Tables— Non-Rating Triggers Table*" below.

## FULL CAPITAL STRUCTURE OF THE NOTES AND CERTIFICATES

Please refer to section entitled "*Terms and Conditions of the Notes*" for further detail in respect of the terms of the Notes and refer to section entitled "*Terms and Conditions of the Certificates*" for further detail in respect of the terms of the Certificates.

	Class A	Class B	Class C	Class D	Class E	Class F	Class G	Class X	Class Z	Certificates
Currency.....	£	£	£	£	£	£	£	£	£	£
Initial Principal Amount.....	175,350,000	9,450,000	5,250,000	5,250,000	5,250,000	4,200,000	5,250,000	3,150,000	4,200,000	N/A
Credit Enhancement.....	Subordination of B Notes, C Notes, D Notes, E Notes, F Notes, G Notes; Excess Spread	Subordination of C Notes, D Notes, E Notes, F Notes, G Notes; Excess Spread	Subordination of D Notes, E Notes, F Notes, G Notes; Excess Spread	Subordination of E Notes, F Notes, G Notes; Excess Spread	Subordination of F Notes, G Notes; Excess Spread	Subordination of G Notes; Excess Spread	Excess Spread	N/A	N/A	N/A
Liquidity Support.....	General Reserve Fund to make up a Shortfall. Liquidity Reserve Fund, to make up a Revenue Shortfall then Principal Addition Amounts used to make up Further Revenue Shortfalls	General Reserve Fund to make up a Shortfall and, if the then Most Senior Class, Principal Addition Amounts used to make up Further Revenue Shortfalls	General Reserve Fund to make up a Shortfall and, if the then Most Senior Class, Principal Addition Amounts used to make up Further Revenue Shortfalls	General Reserve Fund to make up a Shortfall and, if the then Most Senior Class, Principal Addition Amounts used to make up Further Revenue Shortfalls	General Reserve Fund to make up a Shortfall and, if the then Most Senior Class, Principal Addition Amounts used to make up Further Revenue Shortfalls	General Reserve Fund to make up a Shortfall and, if the then Most Senior Class, Principal Addition Amounts used to make up Further Revenue Shortfalls	General Reserve Fund to make up a Shortfall and, if the then Most Senior Class, Principal Addition Amounts used to make up Further Revenue Shortfalls	If the then Most Senior Class, Principal Addition Amounts used to make up Further Revenue Shortfalls	N/A	N/A
Issue Price.....	100%	100%	100%	100%	100%	99.25%	91.50%	100%	69%	N/A
Interest Reference Rate on Floating Rate Notes.....	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	N/A
Relevant Margin prior to Step-Up Date.....	1.4% per annum	2% per annum	2.4% per annum	2.8% per annum	3.75% per annum	4.5% per annum	6% per annum	4.2% per annum	4.75% per annum	N/A
Relevant Margin from and including Step-Up Date.....	2.4% per annum	3% per annum	3.4% per annum	3.8% per annum	4.75% per annum	5.5% per annum	7% per annum	N/A	N/A	N/A
Interest Accrual Method.....	Actual/365	Actual/365	Actual/365	Actual/365	Actual/365	Actual/365	Actual/365	Actual/365	Actual/365	N/A
Interest Payment Dates.....	Interest will be payable in respect of the Notes quarterly in arrears on 15 March, 15 June, 15 September and 15 December in each year or, if such day is not a Business Day, the next following Business Day									
Business Day Convention.....	Following	Following	Following	Following	Following	Following	Following	Following	Following	Following
First Interest Payment Date.....	Interest Payment Date falling in December 2019	Interest Payment Date falling in December 2019	Interest Payment Date falling in December 2019	Interest Payment Date falling in December 2019	Interest Payment Date falling in December 2019	Interest Payment Date falling in December 2019	Interest Payment Date falling in December 2019	Interest Payment Date falling in December 2019	Interest Payment Date falling in December 2019	Interest Payment Date falling in December 2019
First Interest Period.....	The period from the Issue Date to the first Interest Payment Date.									
Pre-Enforcement Redemption Profile.....	Sequential pass through redemption.									
Post-Enforcement Redemption Profile.....	Please refer to Notes Condition 5 ( <i>Redemption</i> ).									
Mortgage Pool Option Date.....	Pass-through redemption in accordance with the Post-Enforcement Priority of Payments.									
Mortgage Pool Option.....	Please refer to Notes Condition 2(d) ( <i>Post-Enforcement Priority of Payments</i> ).									
Risk Retention Regulatory Change Option.....	Any Interest Payment Date falling on or after September 2022.									
	On the Step-Up Date and on any Interest Payment Date thereafter, the Issuer may redeem the Notes with the proceeds of a sale of the Charged Property pursuant to the Deed Poll provided that such sale proceeds, together with amounts standing to the credit of the Bank Accounts and any other funds available to the Issuer, are sufficient to (I) redeem all of the Notes then outstanding in full together with accrued and unpaid interest on such Notes and, (II) pay amounts required under the Post-Enforcement Priority of Payments to be paid in priority to or <i>pari passu</i> with the Notes on such Interest Payment Date, (III) pay any other costs associated with the exercise of the optional call, and provided that on or prior to the Interest Payment Date on which the relevant notice of optional redemption expires, no Enforcement Notice has been served. See Notes Condition 5(d) ( <i>Optional Redemption in Full at the Direction of the Mortgage Pool Option Holder</i> ).									
	On any Interest Payment Date following the occurrence of a Risk Retention Regulatory Change Event the Risk Retention Regulatory Change Option Holder shall have the right (but shall not be obliged) pursuant to the Risk Retention Regulatory Change Deed Poll to require the Issuer to sell and transfer to the Risk Retention Regulatory Change Option Holder or its nominee (as specified in the Risk Retention Regulatory Change Option Exercise Notice) the Mortgage Pool and its Collateral Security by paying an amount equal to the Risk Retention Regulatory Change Option Purchase Price (such amount shall be used to (I) redeem all of the Notes then outstanding in full together with accrued and unpaid interest on such Notes and, (II) pay amounts required under the Post-Enforcement Priority of Payments to be paid in priority to or <i>pari passu</i> with the Notes on such Interest Payment Date, and (III) pay any other costs associated with the exercise of the optional call, and provided that on or prior to the Interest Payment Date on which the relevant notice of optional redemption expires, no Enforcement Notice has been served.). See Notes Condition 5(e) ( <i>Optional Redemption in Full Following the Exercise of a Risk Retention Regulatory Change Option</i> ).									
Clean Up Call.....	Applicable	Applicable	Applicable	Applicable	Applicable	Applicable	Applicable	Applicable	Applicable	Applicable
Pre-Call Redemption.....	Sequential pass-through	Sequential pass-through	Sequential pass-through	Sequential pass-through	Sequential pass-through	Sequential pass-through	Sequential pass-through	Sequential pass-through	Sequential pass-through	Applicable
Post-Call Redemption Profile ...	Sequential pass-through	Sequential pass-through	Sequential pass-through	Sequential pass-through	Sequential pass-through	Sequential pass-through	Sequential pass-through	Sequential pass-through	Sequential pass-through	Sequential pass-through



	<u>Class A</u>	<u>Class B</u>	<u>Class C</u>	<u>Class D</u>	<u>Class E</u>	<u>Class F</u>	<u>Class G</u>	<u>Class X</u>	<u>Class Z</u>	<u>Certificates</u>
Other Early Redemption in Full Events .....										
Final Maturity Date .....	Interest Payment Date falling in December 2056	Interest Payment Date falling in December 2056	Interest Payment Date falling in December 2056	Interest Payment Date falling in December 2056	Interest Payment Date falling in December 2056	Interest Payment Date falling in December 2056	Interest Payment Date falling in December 2056	Interest Payment Date falling in December 2056	Interest Payment Date falling in December 2056	Interest Payment Date falling in December 2056
Form of the Notes .....	Registered Global Notes	Registered Global Notes	Registered Global Notes	Registered Global Notes	Registered Global Notes	Registered Global Notes	Registered Global Notes	Registered Global Notes	Registered Global Notes	Registered Global Certificates
Application for Listing .....	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin	N/A
ISIN .....	XS2035237002	XS2035237341	XS2035237424	XS2035237697	XS2035237770	XS2035237853	XS2035238075	XS2035238315	XS2035310106	XS2035241293
Common Code .....	203523700	203523734	203523742	203523769	203523777	203523785	203523807	203523831	203531010	203524129
Clearance/Settlement .....	Euroclear/ Clearstream, Luxembourg	Euroclear/ Clearstream, Luxembourg	Euroclear/ Clearstream, Luxembourg	Euroclear/ Clearstream, Luxembourg	Euroclear/ Clearstream, Luxembourg	Euroclear/ Clearstream, Luxembourg	Euroclear/ Clearstream, Luxembourg	Euroclear/ Clearstream, Luxembourg	Euroclear/ Clearstream, Luxembourg	Euroclear/ Clearstream, Luxembourg
Minimum Denomination .....	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	N/A
Retained Amount .....	A holding in accordance with Article 6(3)(a) of the Securitisation Regulation, on an ongoing basis, of not less than 5 per cent. of the nominal value of each of the tranches of Notes (other than the X Notes and the Z Notes) sold or transferred to investors so as to hold exposure to the Retained Interest at not less than the EU Retention Requirement.									
STS eligibility	No									

## TRANSACTION OVERVIEW - TERMS AND CONDITIONS OF THE NOTES AND CERTIFICATES

Please refer to the section entitled "*Terms and Conditions of the Notes*" for further information in respect of the terms of the Notes.

### **Form, registration and transfer of the Notes**.....

The Notes of each Class will be represented on issue by beneficial interests in one or more Global Notes in fully registered form, without interest or principal receipts.

The Notes will be deposited on or about the Issue Date with, and registered in the name of, a nominee of a common safekeeper for Euroclear and Clearstream, Luxembourg.

Ownership interests in the Global Notes will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear, Clearstream, Luxembourg and their respective participants. See "*Summary of Provisions Relating to the Notes While in Global Form*" below.

Except in the limited circumstances described herein, Notes in definitive, certificated, fully registered form ("**Definitive Notes**") will not be issued in exchange for beneficial interests. See "*Summary of Provisions Relating to the Notes While in Global Form - Issuance of Definitive Notes*".

Transfers of interests in the Notes are subject to certain restrictions and must be made in accordance with the procedures set forth in the Trust Deed. See "*Summary of Provisions Relating to the Notes While in Global Form – Form*" and "*Summary of Provisions Relating to the Notes While in Global Form – Book-Entry Interests*". Each purchaser of Notes in making its purchase will be required to make, or will be deemed to have made, certain acknowledgements, representations and agreements. The transfer of Notes in breach of certain of such representations and agreements will result in affected Notes becoming subject to certain forced transfer provisions. See Notes Condition 1(b) (*Title and transfer*).

### **Ranking**.....

The Notes within each Class will rank *pari passu* and rateably without any preference or priority among themselves as to payment of interest and principal at all times.

The A Notes will rank senior to the other Classes of Notes as to payments of interest and principal at all times.

The Most Senior Class is:

- (a) the A Notes whilst they remain outstanding;
- (b) thereafter, the B Notes whilst they remain outstanding;
- (c) thereafter, the C Notes whilst they remain outstanding;
- (d) thereafter, the D Notes whilst they remain outstanding;
- (e) thereafter, the E Notes whilst they remain outstanding;
- (f) thereafter, the F Notes whilst they remain outstanding;
- (g) thereafter, the G Notes whilst they remain outstanding;

- (h) thereafter, the X Notes whilst they remain outstanding;
- (i) thereafter, the Z Notes whilst they remain outstanding;  
and
- (j) thereafter, the Certificates whilst they remain outstanding.

**Ranking of Payments of Interest**

Payments of interest on the Notes will be made in the following order of priority:

- (a) *first*, to the A Notes;
- (b) *second*, to the B Notes;
- (c) *third*, to the C Notes;
- (d) *fourth*, to the D Notes;
- (e) *fifth*, to the E Notes;
- (f) *sixth*, to the F Notes;
- (g) *seventh*, to the G Notes;
- (h) *eighth*, to the X Notes; and
- (i) *ninth*, to the Z Notes.

See Notes Condition 4 (*Interest*) for further information.

**Ranking of Payments of Principal** .....

Payments of principal on the Notes (other than the X Notes and the Z Notes) will be made in the following order of priority:

- (j) *first*, to the A Notes;
- (k) *second*, to the B Notes;
- (l) *third*, to the C Notes;
- (m) *fourth*, to the D Notes;
- (n) *fifth*, to the E Notes;
- (o) *sixth*, to the F Notes; and
- (p) *seventh*, to the G Notes.

The Notes are subject to certain optional or mandatory Redemption Events as fully described in Condition 5 (*Redemption*).

**Payments on the X Notes and the Z Notes** .....

Investors in the X Notes and the Z Notes should also be aware that prior to (i) the date on which the Trustee serves an Enforcement Notice on the Issuer pursuant to Notes Condition 9 (*Events of Default*) declaring the Notes to be due and repayable or (ii) the occurrence of a Redemption Event, payments in respect of the X Notes and the Z Notes shall be payable only out of the Available Revenue Funds under and in accordance with the Pre-Enforcement Revenue Priority of Payments.

Payments in respect of the X Notes and the Z Notes will be payable only to the extent there are: (i) Available Revenue Funds under and in accordance with the Pre-Enforcement Revenue Priority of

Payments; and (ii) available funds under and in accordance with the Post-Enforcement Priority of Payments, if applicable.

Following (i) the date on which the Trustee serves an Enforcement Notice on the Issuer pursuant to Notes Condition 9 (*Events of Default*) declaring the Notes to be due and repayable or (ii) the occurrence of a Redemption Event, payments in respect of the X Notes and the Z Notes will be made in accordance with the Post-Enforcement Priority of Payments.

**Payments on the Certificates .....** Each Certificate represents a *pro rata* entitlement to receive:

- (a) any residual balance following payment of all senior items in the relevant Priority of Payments by way of deferred consideration for the purchase by the Issuer of the Completion Mortgage Pool and any Additional Loans; and
- (b) amounts equal to any Excess Mortgage Early Redemption Amounts received by the Issuer during each Determination Period;
- (c) on the Issue Date, Excess X Note Proceeds;
- (d) on the first Interest Payment Date, any surplus amount standing to the credit of the Start-Up Costs Ledger as at the immediately preceding Determination Date; and
- (e) an amount equal to any SC to I Upfront Rebalancing Payment.

Payments in respect of the Certificates shall only be payable (a) out of Available Revenue Funds under and in accordance with the Pre-Enforcement Revenue Priority of Payments; (b) out of Available Principal Funds in accordance with the Pre-Enforcement Principal Priority of Payments; (c) out of Available Revenue Funds and Available Principal Funds in accordance with the Post-Enforcement Priority of Payments after (i) the date on which the Trustee serves an Enforcement Notice on the Issuer pursuant to Notes Condition 9 (*Events of Default*) declaring the Notes to be due and repayable or (ii) the occurrence of a Redemption Event; (d) on each Interest Payment Date from any Excess Mortgage Early Redemption Amounts received in respect of a Loan by the Issuer during the prior Determination Period; (e) on the first Interest Payment Date, from any surplus amount standing to the credit of the Start-Up Costs Ledger as at the immediately preceding Determination Date; (f) out of Excess X Note Proceeds on the Issue Date; and (g) on the first Interest Payment Date an amount standing to the credit of the Revenue Ledger equal to any SC to I Upfront Rebalancing Payment.

**Security.....** The Notes and Certificates are secured and will share the Security with other Secured Creditors as set out in, and created pursuant to, the Deed of Charge described in Notes Condition 2(b) (*Security*).

Some of the other secured obligations rank senior to the Issuer's obligations under the Notes and Certificates in respect of the allocation of proceeds as set out in the Post-Enforcement Priority of Payments.

See also the Risk Factor "*Risk Factors – Fixed charges may take effect under English law as floating charges*".

For detailed information on the Security granted by the Issuer see Notes Condition 2(b) (*Security*).

**Interest Provisions**..... Please refer to "*Transaction Overview - Mortgage Pool and Servicing – Full Capital Structure of the Notes and Certificates*" and Notes Condition 4 (*Interest*).

**Interest Deferral**..... To the extent that funds available to the Issuer on any Interest Payment Date are insufficient to pay in full interest due (which shall include any interest previously deferred and accrued interest thereon) on the B Notes, the C Notes, the D Notes, the E Notes, the F Notes or the G Notes, provided that such Class is not the Most Senior Class, payment may be deferred. To the extent that funds available to the Issuer on any Interest Payment Date are insufficient to pay in the full interest due (which shall include any interest previously deferred and accrued interest thereon) on the X Notes or the Z Notes, payment may be deferred.

Payment of the shortfall in respect of such Notes ("**Deferred Interest**") will not then fall due but will instead be deferred (to the extent only of any insufficiency of funds) until the first Interest Payment Date thereafter on which funds are available to the Issuer (after allowing for the Issuer's liabilities of higher priority in accordance with the relevant Priority of Payments and subject to and in accordance with the Conditions) to fund the payment of such Deferred Interest when the Deferred Interest will be paid on such Interest Payment Date to the extent of such available funds.

Any amount of Deferred Interest in respect of a Class of Notes will accrue interest ("**Additional Interest**") at the same rate of interest and on the same basis as any scheduled interest applicable from time to time to Notes of the relevant Class of Notes and payment of any Additional Interest will also be deferred until the first Interest Payment Date thereafter on which funds are available (after allowing for the Issuer's liabilities of a higher priority in accordance with the Pre-Enforcement Priority of Payments, subject to and in accordance with the Conditions) to the Issuer to pay such Additional Interest when the Additional Interest will be paid to the extent of such available funds.

No amount of Deferred Interest shall result in the occurrence of an Event of Default, unless such Notes are the Most Senior Class at the time of non-payment, until the Final Maturity Date or any other Interest Payment Date on which the Notes are redeemed in full. Payment of any amounts of Deferred Interest and Additional Interest shall not be deferred beyond the Final Maturity Date or beyond any earlier date on which the relevant Class of Notes falls to be redeemed in full and any such amount which has not then been paid in respect of the relevant Class of Notes shall thereupon become due and payable in full.

**Gross-up**..... None of the Issuer, the Principal Paying Agent, any other Paying Agent nor any other person will be obliged to gross up payments to the Noteholders or Certificateholders if there is any withholding or deduction for or on account of taxes, or in connection with FATCA, from any payments made or to be made to the Noteholders or Certificateholders.

<b>Relevant Dates and Periods .....</b>	Issue Date:	The date of initial issuance for the Notes and the Certificates will be 28 August 2019 (or such other date as the Issuer and the Joint Lead Managers may agree).
	Interest Payment Date:	Each interest bearing Note will bear interest on its Principal Amount Outstanding from, and including, the Issue Date. Interest will be payable in respect of the Notes quarterly in arrear on 15 March, 15 June, 15 September and 15 December in each year or, if such day is not a Business Day, the next following Business Day. The first Interest Payment Date in respect of the Notes will be the Interest Payment Date falling in December 2019.
	Interest Period:	The period from (and including) an Interest Payment Date to (but excluding) the next Interest Payment Date <b>provided that</b> the first Interest Period shall be the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date.
	Business Day:	A day on which commercial banks and foreign exchange markets settle payments in London and Dublin and which is a TARGET2 Settlement Day.
	Determination Date:	The second Business Day prior to each Interest Payment Date.  The Determination Date is the date on which the Cash Administrator will be required to calculate, among other things, the amounts required to pay interest and principal in respect of the Notes (as set out in the Cash Administration Agreement).
	Determination Period:	The period from (and including) the Issue Date to (and including) the last calendar day of the calendar month immediately prior to a Determination Date, and thereafter each period starting on (and including) the calendar day after the last day of the previous Determination Period and ending on (and including) the last calendar day of the calendar month prior to a Determination Date.
<b>Events of Default .....</b>	As fully set out in Notes Condition 9 ( <i>Events of Default</i> ), which includes (where relevant subject to the applicable grace period):	
	(a)	non-payment of interest or principal due and owing in respect of the Most Senior Class on any Interest Payment

Date where such failure continues unremedied for a period of 3 Business Days;

- (b) failure to redeem any Class of Notes (including the payment of any Deferred Interest or any Additional Interest) within 14 calendar days following the Final Maturity Date;
- (c) breach of contractual obligations by the Issuer under the Transaction Documents, the Notes or the Trust Deed where such failure continues unremedied for a period of 30 calendar days;
- (d) certain insolvency events of the Issuer (as more fully set out in Notes Conditions 9(d) to (f) (*Events of Default*)); or
- (e) it is or will become unlawful for the Issuer to perform or comply with its obligations,

**provided that**, in respect of paragraph (c) above, the Trustee shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the holders of the Most Senior Class.

<b>Enforcement</b> .....	If an Event of Default has occurred and is continuing, the Trustee may, and shall, if so requested by (a) in writing by the holders of at least 25 per cent. of the Principal Amount Outstanding of the Most Senior Class or (b) by an Extraordinary Resolution of the Noteholders of the Most Senior Class (but, in each case, only if it has been indemnified and/or secured and/or pre-funded to its satisfaction) deliver an Enforcement Notice and institute such proceedings or take such action or steps as it may think fit to enforce payment of the Notes together with accrued interest.
<b>Limited Recourse</b> .....	All the Notes and Certificates are limited recourse obligations of the Issuer and, if the Issuer has insufficient funds to pay amounts in full, amounts outstanding will cease to be due and payable as described in more detail in Notes Condition 10(b) ( <i>Limited Recourse</i> ) and Certificates Condition 7(b) ( <i>Limited Recourse</i> ).
<b>Non-Petition</b> .....	The Noteholders or Certificateholders shall not be entitled to take any corporate action or other steps or legal proceedings for the winding up, dissolution, arrangement, reconstruction or reorganisation of the Issuer.
<b>Governing Law</b> .....	English law.

## **RISK FACTORS**

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes and/or the Certificates. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*These factors are limited to risks which are specific to (a) the Issuer and/or (b) to the Notes and/or the Certificates and which the Issuer believes may be material for the purpose of taking an informed investment decision with respect to the Notes and/or Certificates, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with the Notes and Certificates for other reasons, and the Issuer does not represent that the statements below regarding the risks of holding the Notes and/or Certificates are exhaustive.*

*In each category of factors set out below, the Issuer believes that each factor included in each category of factors is material, with the most material in each category (based on the Issuer's assessment of the probability of its occurrence and the expected magnitude of its negative impact) being described first in each category.*

*Noting the points set out above by the Issuer with respect to its assessment of the level, order of materiality and potential of occurrence of the risks set out below, prospective investors should nevertheless also carefully read the information set out below and read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.*

### **Risks Related to the Notes**

#### *Yield and prepayment considerations*

The yield to maturity of the Notes of each Class will depend on, among other things, the amount and timing of payment of principal in respect of the Loans in the Mortgage Pool (including prepayments, sale proceeds arising on enforcement of a Mortgage, and repurchases by the Seller or any affiliate thereof due to, for example, breaches of representations and warranties) and the price paid by the holders of the Notes. The yield to maturity of the Notes may therefore be adversely affected if such factors increase or decrease the rate of principal repayment of the Notes.

Certain factors and assumptions which may affect the weighted average lives of the Notes, being the average amount of time that elapses from the date of issuance of the Notes to the Noteholders to the date of distribution to such Noteholders of payments in net reduction of principal under the Notes (assuming no losses), and accordingly the yield to maturity of the Notes are discussed in "*Weighted Average Lives of the Notes*".

The material factors which may affect the yield to maturity are:

- (a) *Prepayment of Loans:* The yield to maturity of the Notes of each Class may be adversely affected by a higher or lower than anticipated rate of prepayments on the Loans. The rate of prepayment of 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 programmes, local and regional economic conditions and homeowner mobility. The Loans may be prepaid in full or in part at any time. Prepayments may result in connection with re-financings of Loans, 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 and life insurance policies. No assurance can be given as to the level of prepayment that the Mortgage Pool will experience.

Borrowers may seek to refinance any fixed rate mortgage loans at the end of the initial fixed rate period. A Borrower may therefore prepay the relevant Loan and borrow from another finance provider. Alternatively, a Borrower may request, and the Servicer may agree to, a Product Switch in respect of such Loan which may cause an extension of the fixed or discounted rate period. The Seller is required to repurchase such Loans which are subject to a Product Switch by making a cash payment equal to the Repurchase Price to the Issuer. Such prepayments or Product Switches may therefore cause the levels of prepayments to be higher or lower than anticipated and the yield to maturity of the Notes may be accordingly affected.



- (b) *Repurchase of Loans*: The yield to maturity of a Class of Notes may also be affected if the Seller, or one of its affiliates is required to repurchase Loans from the Mortgage Pool as the payment received by the Issuer pursuant to such repurchase will have the same effect as a prepayment of such Loans

The Seller or one of its affiliates may be so required to repurchase a Loan from the Mortgage Pool in the case of where such Loan is materially in breach of the representations and warranties relating to the Loans under the Mortgage Sale Agreement (see "*Sale of the Mortgage Pool – Warranties and Repurchase*").

Because these factors described above are not within the control of the Issuer, no assurances can be given as to the level of resulting prepayments that the mortgage portfolio may experience.

- (c) *Distribution of Pre-Funding Reserve*: If the conditions for the purchase of Additional Loans by the Issuer are not met (or if such conditions are met, however the Seller decides not to sell the Additional Loans), then the Issuer will not be able to purchase such Additional Loans on any date up to the Final Additional Loan Purchase Date, which may result in (i) amounts standing to the credit of the Pre-Funding Principal Reserve Ledger instead being applied pro rata in redemption of the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes and the G Notes on the first Interest Payment Date and (ii) Available Revenue Funds in the form of amounts standing to the credit of the Pre-Funding Revenue Reserve Ledger instead being used to pay amounts in accordance with the Pre-Enforcement Revenue Priority of Payments on the first Interest Payment Date.
- (d) *Exercise of Mortgage Pool Option or Risk Retention Regulatory Change Option*: As described in more detail in "*Sale of the Mortgage Pool – Mortgage Pool Option*", the Mortgage Pool Option Holder has the option, pursuant to the Deed Poll, to purchase the Mortgage Pool and its Collateral Security during the Interest Period immediately preceding the Interest Payment Date occurring on or after the Mortgage Pool Option Date. In the event that the Mortgage Pool Option is not exercised by the Mortgage Pool Option Holder, the Seller shall instead initiate a Market Portfolio Sale in accordance with the terms of the Mortgage Sale Agreement. Similarly, as described in more detail in "*Sale of the Mortgage Pool – Risk Retention Regulatory Change Option*", the Risk Retention Regulatory Change Option Holder has the right, pursuant to the Risk Retention Regulatory Change Deed Poll to purchase the Mortgage Pool and its Collateral Security following a Risk Retention Regulatory Change Event. In each case, following the payment of the required purchase price under the Deed Poll or Risk Retention Regulatory Change Deed Poll, as applicable, the Notes will be redeemed in full in accordance with the Notes Conditions (see Notes Condition 5(d) (*Optional Redemption in Full at the Direction of the Mortgage Pool Option Holder*) and Notes and Condition 5(e) (*Optional Redemption in Full Following the Exercise of a Risk Retention Regulatory Change Option*) respectively).

Neither the Mortgage Pool Option Holder nor the Risk Retention Regulatory Change Option Holder has an obligation to exercise its rights in respect of the Mortgage Pool Option or the Risk Retention Regulatory Change Option, respectively. A number of factors may be relevant to a decision whether or not to exercise the Mortgage Pool Option or the Risk Retention Regulatory Change Option at the relevant time. In the event that the Mortgage Pool Option is not exercised by the Mortgage Pool Option Holder, the Seller shall instead initiate a Market Portfolio Sale in accordance with the terms of the Mortgage Sale Agreement. The successful completion of a Market Portfolio Sale is dependant on a number of factors, including the Seller initiating the Market Portfolio Sale as required by the terms of the Mortgage Sale Agreement, a suitable Liquidation Agent accepting an appointment to act in such capacity and the Portfolio Auction Conditions being met. There can be no guarantee that there may not be one or more Unsuccessful Market Portfolio Sales or that the Market Sale Minimum Price will be achieved. This may result in the Notes not being redeemed prior to their legal maturity.

The yield to maturity of the Notes will be affected if either such option is exercised or if a Market Portfolio Sale is carried out.

### *Interest rate risk*

The Issuer is subject to a number of risks with respect to interest rates applicable to the Loans and the Notes.

- (a) *Contractual Interest Rates applicable to Loans and Notes:* The Issuer is subject to the risk of the contractual interest rates on the Loans in the Mortgage Pool (including Loans with a fixed rate of interest and rates of interest linked to BVR) being lower than that required by the Issuer in order to meet its commitments under the Notes, the Certificates, and its other obligations as the Issuer is subject to the risk of a mismatch between the rate of interest payable in respect of the Loans and the rate of interest payable in respect of the Notes. This may occur as certain of the Loans in the Mortgage Pool may pay a fixed rate of interest for an initial period and those Loans which pay a floating rate of interest do so by reference to the BVR whereas the Issuer's liabilities under the Notes are based on Compounded Daily SONIA for the relevant period.

As described in "*Description of the Loans and Eligibility Criteria - Loans in the Completion Mortgage Pool*" below, all of the Loans in the Provisional Completion Mortgage Pool are Fixed Rate Mortgages or Variable Rate Mortgages. The first Performance Report and the first SR Investor Report delivered after the Issue Date will reflect the Loans in the Completion Mortgage Pool and any Additional Loans sold to the Issuer prior to the Final Additional Loan Purchase Date. However, upon expiry of the fixed rate period relating to the Loans which are Fixed Rate Mortgages, the Loans will revert to being Variable Rate Mortgages.

As a result of the Loans having different bases, the Issuer is also subject to the risk of a mismatch between the interest rate received by the Issuer on the Loans, such potential mismatch being caused by:

- (i) the interest rates received by the Issuer on the Loans being determined on different dates than that on which the interest rate payable on the Notes is determined; and
- (ii) the interest rates received by the Issuer on the Loans being determined on a different basis than that on which the interest rate payable on the Notes is determined,

and accordingly, the contractual interest rates on the Loans may be lower than that required by the Issuer in order to meet its commitments under the Notes and its other obligations. This risk is mitigated (but not obviated) by the requirement that the interest rate in respect of the Loans must not be set at a level lower than Compounded Daily SONIA over the previous calendar month plus one percent, subject to compliance at all times with Applicable Law (see further the sections entitled "*Description of the Loans and Eligibility Criteria*" and "*Servicing of the Mortgage Pool and Cash Management - Determination of Interest Rates on the Loans*").

In addition, the Issuer is subject to the risk of the weighted average coupon of interest received in respect of the Mortgage Pool being reduced due to Loans with higher interest margins being repaid more quickly than Loans with lower interest margins.

The Issuer is also subject to the risk that any cash held by or on behalf of the Issuer may earn a rate of return below the rate of interest payable on the Notes which risk is mitigated by (i) the Transaction Account which pays a rate of interest agreed from time to time between the Issuer and the Account Bank on funds standing to the credit thereof and from which the Issuer (or the Cash Administrator on its behalf) may invest sums in Authorised Investments, and (ii) (for so long as the Loans are fully performing) the availability of the General Reserve Fund or Principal Addition Amounts, each of which are available to meet payments of interest due under the A to F Notes (in respect of the General Reserve Fund) and payments of interest due under the A Notes and (if the A Notes have been redeemed in full) the relevant item corresponding to the payment of amounts (other than in respect of principal) in respect of the then Most Senior Class (in respect of Principal Addition Amounts) and the senior expenses of the Issuer.

Increases in applicable variable rates may result in Borrowers with a Loan subject to a variable rate of interest or with Loans for which the related interest rate adjusts following an initial fixed rate or low introductory rate, as applicable, being exposed to increased monthly payments as and when the related mortgage interest rate adjusts upward. This increase in Borrowers' monthly payments ultimately may result in higher delinquency rates and losses in the future. Borrowers seeking to

avoid these increased monthly payments (caused by, for example, a rise in the related mortgage interest rates) by refinancing their Loans may no longer be able to find available replacement Loans at comparably low interest rates. Any decline in housing prices may also leave Borrowers with insufficient equity in their homes to permit them to refinance. These events, alone or in combination, may contribute to higher delinquency rates and losses.

To provide a hedge against the possible variance between:

- (i) the fixed rates of interest payable on the Fixed Rate Mortgages in the Mortgage Pool; and
- (ii) the rate of interest under the Notes being calculated by reference to SONIA,

the Issuer will enter into the Interest Rate Swap with the Swap Counterparty having an Effective Date of the Issue Date in order to mitigate the risk. (See *Credit Structure – The Swap Agreement*" below).

The Swap Agreement will contemplate the hedging of the Fixed Rate Mortgages which are included in the Mortgage Pool and which are currently not more than three months in Arrears (including any Additional Loans that are Fixed Rate Mortgages). On each Interest Payment Date following the Effective Date, the Swap Notional Amount under the Swap Agreement will adjust to take account of the reduction of the principal amount of Loans which are Fixed Rate Mortgages, pursuant to: (i) a repayment in respect of which funds representing principal amount outstanding have received in part or in full in; (ii) Loans which are Fixed Rate Mortgages have been re-transferred to the Seller pursuant to the Mortgage Sale Agreement; (iii) Enforcement Procedures have been completed in respect of Loans which are Fixed Rate Mortgages; (iv) the repurchase by the Seller of Loans which are Fixed Rate Mortgages following a Product Switch; or (v) the principal amount of Loans which are Fixed Rate Mortgages are otherwise reduced.

A failure by the Swap Counterparty to make timely payments of amounts due under the Swap Agreement will constitute a default thereunder (after giving effect to any applicable grace period). The Swap Agreement will provide that the Sterling amounts owed by the Swap Counterparty on any payment date under the Interest Rate Swap (which corresponds to an Interest Payment Date) may be netted against the Sterling amounts owed by the Issuer on the same payment date to the Swap Counterparty. Accordingly, if the amounts owed by the Issuer to the Swap Counterparty on a payment date are greater than the amounts owed by the Swap Counterparty to the Issuer on the same payment date, then the Issuer will pay the difference to the Swap Counterparty on such payment date; if the amounts owed by the Swap Counterparty to the Issuer on a payment date are greater than the amounts owed by the Issuer to the Swap Counterparty on the same payment date, then the Swap Counterparty will pay the difference to the Issuer on such payment date; and if the amounts owed by both parties are equal on a payment date, neither party will make a payment to the other on such payment date. To the extent that the Swap Counterparty defaults on its obligations under the Swap Agreement to make payments to the Issuer in Sterling, on any payment date under the Interest Rate Swap (which corresponds to an Interest Payment Date), the Issuer will be exposed to the possible variance between the rates of interest payable in respect of the Loans in the Mortgage Pool which have fixed rates of interest and SONIA. Unless one or more comparable replacement interest rate swaps are entered into, the Issuer may have insufficient funds to make payments due on the Notes.

Further, if the Swap Counterparty posts any Swap Collateral, such Swap Collateral will be utilised solely for the purpose of supporting the Swap Counterparty's obligations under the Swap Agreement and shall be returned directly to the Swap Counterparty (and not in accordance with the relevant Priority of Payments) in accordance with the terms of the Swap Agreement. Following the termination of the Swap Agreement, any Swap Collateral or the liquidation proceeds thereof which is not returned to the Swap Counterparty as part of the termination payment (or alternately employed as premium for any replacement Swap Agreement) shall constitute Available Revenue Funds. Depending on the circumstances prevailing at the time of termination (and, if applicable, the terms of any replacement Swap Agreement), any such termination payment could be substantial and may adversely affect the funds available to pay amounts due to the Noteholders.

The Issuer has not entered into any interest rate swap or other hedging transaction in relation to Loans other than Fixed Rate Mortgages, and as a result there is no hedge in respect of the risk of

any variances in the floating rate of interest (being referable to the BVR) charged on Variable Rate Mortgages in the Mortgage Pool and interest set by reference to SONIA on the Notes, which in turn may result in insufficient funds being made available to the Issuer for the Issuer to meet its obligations. As such, the Issuer is subject to the risk of a mismatch between the rate of interest payable in respect of such Loans and the rate of interest payable in respect of the Notes.

*Product Switch Loans:* Loans subject to Product Switches must be repurchased by the Seller from the Issuer. Loans in the Mortgage Pool subject to Product Switches will be required to be repurchased on or prior to the date the Product Switch becomes effective, as described below in "*Description of the Loans and Eligibility Criteria – Product Switches*".

- (b) *Contractual Interest Rates applicable to Loans and Notes:* Various interest rate benchmarks (including SONIA and LIBOR) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented including the Benchmarks Regulation.

Under the Benchmarks Regulation, which came into force from 1 January 2018, in general, new requirements will apply with respect to the provision of a wide range of benchmarks (including SONIA), the contribution of input data to a benchmark, and the use of a benchmark within the European Union. In particular, the Benchmarks Regulation will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and to comply with extensive requirements in relation to the administration of benchmarks and (ii) prevent certain uses by EU-supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU-based, deemed equivalent or recognised or endorsed).

In addition, the sustainability of LIBOR has been questioned by the FCA as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of regulatory reforms) for market participants to continue contributing to such benchmarks. These reforms and other pressures may cause such benchmarks to disappear entirely or to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted.

Further, the PRA and the FCA have written to the CEOs of large banks and insurance companies regarding the transition from LIBOR to alternative rates to check on such institutions are taking appropriate action now in respect of the transition to alternative rates ahead of expected implementation at the end of 2021.

These reforms and other pressures may cause one or more interest rate benchmarks to disappear entirely, to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted.

Due to the reforms being considered with respect to interest rate benchmarks (including SONIA) as described in "*Risk Factors - Risks Relating to the Notes – Interest rate risk*" based on the foregoing, investors should be aware that:

- (i) any of these reforms or pressures or any other changes to a relevant interest rate benchmark (including LIBOR and SONIA) could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be;
- (ii) while:
  - (A) an amendment may be made under Notes Condition 11(f) (*Modification and Waiver in relation to the Reference Rate*) to change the SONIA rate on the Notes to an alternative benchmark rate under certain circumstances broadly related to SONIA dysfunction or discontinuation and subject to certain conditions including objections to the proposed amendment being received by less than 10 per cent. of Noteholders of the Most Senior Class (see Notes Condition 11(c) (*Negative consent*)));

- (B) the Issuer (acting on the advice of the Servicer) is under an obligation to use its commercially reasonable judgement to propose an Alternative Benchmark Rate in accordance with Notes Condition 11(f) (*Modification and Waiver in relation to the Reference Rate*) under Notes Condition 4(c) (*Rate of Interest*); and
- (C) an amendment may be made under Notes Condition 11(f) (*Modification and Waiver in relation to the Reference Rate*) to change the benchmark rate that then applies in respect of each fixed-floating swap under a Swap Agreement for the purpose of aligning the benchmark rate of the fixed-floating swap under a Swap Agreement to the benchmark rate of the Notes following a Benchmark Rate Modification,

there can be no assurance that any such amendments will be made or, if made, that they (x) will fully or effectively mitigate interest rate risks or result in an equivalent methodology for determining the interest rates on the Notes and the fixed-floating swap under a Swap Agreement or (y) will be made prior to any date on which any of the risks described in this risk factor may become relevant ((see Notes Condition 11(c) (*Negative Consent*))); and

- (iii) if SONIA is discontinued, and whether or not an amendment is made under Notes Condition 11(f) (*Modification and Waiver in relation to the Reference Rate*) to change the benchmark rate on the Notes as described in paragraph (c) above, if a proposal for an equivalent change to the benchmark rate on the fixed-floating swap under a Swap Agreement is not approved in accordance with Notes Condition 11(f) (*Modification and Waiver in relation to the Reference Rate*), there can be no assurance that the applicable fall-back provisions under a Swap Agreement would operate so as to ensure that the benchmark floating interest rate used to determine payments under a Swap Agreement is the same as that used to determine interest payments under the Notes, or that any such amendment made under Notes Condition 11(f) (*Modification and Waiver in relation to the Reference Rate*) would allow the transaction under a Swap Agreement to effectively mitigate interest rate risk on the Notes. This, in turn, could cause a risk of mismatch of interest and reduced payments on the Notes.

In addition, it should be noted that broadly divergent interest rate calculation methodologies may develop and apply as between the Loans, Notes and/or the Swap Agreement due to applicable fallback provisions or other matters and the effects of this are uncertain but could include a reduction in the amounts available to the Issuer to meet its payment obligations in respect of the Notes.

Moreover, any of the above matters (including an amendment to change the SONIA rate as described in paragraph (iii) above) or any other significant change to the setting or existence of SONIA could affect the ability of the Issuer to meet its obligations under the Notes and/or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes. Changes in the manner of administration of SONIA could result in amendments to the Conditions and the Swap Agreement, early redemption, delisting or other consequences in relation to the Notes. No assurance may be provided that relevant changes will not occur with respect to SONIA or LIBOR or any other relevant interest rate benchmark and/or that such benchmarks will continue to exist.

- (c) *The market continues to develop in relation to SONIA as a reference rate in the capital markets:* Notwithstanding the discussion in paragraph (b) above, investors should be aware that the market continues to develop in relation to the SONIA as a reference rate in the capital markets and its adoption as an alternative to LIBOR. In particular, market participants and relevant working groups are exploring alternative reference rates based on SONIA, including term SONIA reference rates (which seek to measure the market's forward expectation of an average SONIA rate over a designated term). The market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in the Conditions and used in relation to the Notes that reference SONIA and as used in the Swap Agreement. Interest on Notes which reference a SONIA rate is only capable of being determined at the end of the relevant Observation Period and immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes

which reference a SONIA rate to reliably estimate the amount of interest which will be payable on such Notes.

In addition, it should be noted that broadly divergent interest rate calculation methodologies may develop and apply as between the Loans, the Notes and/or the Swap Agreements due to applicable fall-back provisions or other matters and the effects of this are uncertain but could include a reduction in the amounts available to the Issuer to meet its payment obligations in respect of the Notes. Further, changes to SONIA may adversely affect the operation of the Swap Agreement.

#### *Counterparty risks*

As a special purpose entity the Issuer is subject to a number of risks with respect the counterparties engaged by it in connection with the transaction contemplated herein.

- (a) *Reliance on Third Parties:* The Issuer has engaged BML to service the Mortgage Pool pursuant to the Servicing Agreement. While BML is under contract to perform certain mortgage settlement and related administration services under the Servicing Agreement, there can be no assurance that they will be willing or able to perform these services in the future. In the event BML is replaced as Servicer, there may be losses or delays in processing payments on the Mortgage Pool due to a disruption in mortgage administration during a transfer to a successor Servicer. This may cause delays in payments or losses under the Notes. In addition, the Issuer has appointed the Servicer Facilitator pursuant to the Servicing Agreement to assist it in the selection of a replacement Servicer in the event of the occurrence of a Servicer Termination Event (as described below). See "*Servicing of the Mortgage Pool and Cash Management*".

Investors should note that upon the occurrence of a Servicer Termination Event, the Issuer (prior to the service of an Enforcement Notice and with the consent of the Trustee) or (after the service of an Enforcement Notice) the Trustee may terminate the appointment (and, simultaneously, the rights) of the Servicer. Following the occurrence of such a Servicer Termination Event, the Issuer shall (as soon as practicable after such event has come to its attention) give notice in writing to the Servicer Facilitator of such occurrence and request it to identify and select a replacement servicer. Upon being so notified, the Servicer Facilitator shall use reasonable endeavours to identify and select a replacement servicer within 30 calendar days of the occurrence of the applicable Servicer Termination Event and provide details of the Proposed Replacement Servicer to the Issuer and the Trustee. Promptly upon being notified of the identity of the Proposed Replacement Servicer, the Issuer shall appoint the Proposed Replacement Servicer as Servicer on substantially the same terms as set out herein, provided however that any such appointment shall be subject to the prior written consent of the Trustee.

Accordingly, where the Servicer Facilitator makes such a selection, and provided certain other requirements are met, it is possible that the identity of the Servicer will change, and accordingly, the counterparty exposure of the Issuer, the Noteholders and the Certificateholders to the Servicer may also change. As this right may be exercised whenever a Servicer Termination Event occurs, the identity of the Servicer may change more than once during the duration of the Notes and Certificates.

However, notwithstanding the above, no assurance can be given that a replacement servicer will be identified by the Servicer Facilitator upon the occurrence of a Servicer Termination Event or that such replacement will be completed.

Pursuant to the Bank Agreement, the Account Bank will provide the Issuer with an interest rate on funds on deposit in the Transaction Account. See "*Credit Structure – Collection Account, Bank Accounts and Authorised Investments – Bank Agreement*". In the event that the Account Bank was to fail to perform its obligations under the agreement to which it is a party, investors may be adversely affected.

Pursuant to the Swap Agreement, the Swap Counterparty will enter into the Interest Rate Swap with the Issuer which will allow the Issuer to hedge certain risks in connection with amounts to be paid by or to it in connection with the Notes. In the event that the Swap Counterparty was to fail to perform its obligations under the Swap Agreement, investors may be adversely affected.

- (b) *Swap Agreements*: Subject to the following, the Swap Agreement will provide that, upon the occurrence of certain events, the Interest Rate Swap may terminate and a termination payment by either the Issuer or the Swap Counterparty may be payable, depending on, among other things, the terms of the Swap Agreement and the cost of entering into a replacement transaction at the time. Any termination payment due by the Issuer (other than any Swap Excluded Payable Amounts and any Swap Subordinated Amounts) will rank prior to payments in respect of the Notes. If any termination amount is payable, payment of such termination amounts may affect amounts available to pay interest and principal on the Notes.

Any additional amounts required to be paid by the Issuer following termination of the Swap Agreement (including any extra costs incurred in entering into replacement interest rate swaps) will also rank prior to payments in respect of the Notes. This may affect amounts available to pay interest on the Notes and, following service of an Enforcement Notice on the Issuer (which has not been revoked), interest and principal on the Notes.

No assurance can be given as to the ability of the Issuer to enter into one or more replacement transactions, or if one or more replacement transactions are entered into, as to the credit rating or creditworthiness of the interest rate swap counterparty for the replacement transactions.

- (c) *Insolvency of the Swap Counterparty*: In the event of the insolvency of the Swap Counterparty, the Issuer will be treated as a general creditor of the Swap Counterparty. Consequently, the Issuer will be subject to the credit risk of the Swap Counterparty. To mitigate this risk, under the terms of the Swap Agreement, in the event that the relevant ratings of the Swap Counterparty fail to meet the relevant required ratings, the Swap Counterparty will, in accordance with the terms of the Swap Agreement, be required to elect to take certain remedial measures within the applicable time frame stipulated in the Swap Agreement (at its own cost), which may include providing Swap Collateral for its obligations under the Swap Agreement, arranging for its obligations under the Swap Agreement to be transferred to an entity with the relevant required ratings, or procuring another entity with the required ratings to become co-obligor or guarantor, as applicable, in respect of its obligations under the Swap Agreement or taking such other action (which may include inaction) as would result in the Rating Agencies maintaining the then current rating of the Floating Rate Notes. However, no assurance can be given that, at the time that such actions are required, the Swap Counterparty will be able to provide collateral or that another entity with the required ratings will be available to become a replacement Swap Counterparty, co-obligor or guarantor or that the Swap Counterparty will be able to take the requisite other action.

Accordingly, if any of the Floating Rate Notes remain outstanding in circumstances where the Swap Counterparty is insolvent and fails to make any payment to the Issuer required under the Swap Agreement, the Issuer will be subject to the potential variation between the rates of interest payable in respect of the Mortgages in the Mortgage Pool with fixed rates of interest and SONIA. Unless one or more comparable replacement swaps are entered into, the Issuer may have insufficient funds to make payments due on the Notes after that date.

- (d) *Non-Rating*: In addition, in the event that the rating by any of the Rating Agencies of the Collection Account Provider or the Account Bank or the Swap Counterparty is downgraded, it is possible that such Collection Account Provider, Account Bank, or the Swap Counterparty (as the case may be) may no longer meet the rating requirements as set out in the sections entitled "*Rights of Noteholders and Certificateholders and Relationship with Other Secured Creditors*", "*Triggers Tables – Rating Triggers Table - Collection Account Provider*" and "*Triggers Tables – Rating Triggers Table – Account Bank and Swap Collateral Account Bank*" and "*Triggers Tables – Rating Triggers Table – Swap Counterparty*". There can be no assurance that the Collection Account Provider, the Account Bank, the Swap Counterparty or the Issuer will be able to procure that the Collection Account Provider, the Account Bank or the Swap Counterparty (as applicable) be replaced within 30 days of the downgrade of the relevant entity and there is therefore a risk that the Rated Notes will be downgraded in such circumstances.

As a result of the risk highlighted in the preceding paragraph, the inclusion of this right of replacement may mean that the value of the Notes or Certificates from time to time may be lower than their value would otherwise have been had no such replacement right been included.

*The Notes and the Certificates may not be a suitable investment for all investors*

A potential investor should not invest in the Notes or Certificates, which are complex financial instruments, unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes or Certificates will perform under changing conditions, the resulting effects on the value of the Notes or Certificates and the impact this investment will have on the potential investor's overall investment portfolio.

Each potential investor in the Notes or the Certificates must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes or Certificates, the merits and risks of investing in the Notes or Certificates and the information contained in this Prospectus;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes or Certificates and the impact the Notes or Certificates will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes or Certificates, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understand thoroughly the terms of the Notes or Certificates and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

*Ratings of the Rated Notes*

The ratings assigned to the Rated Notes are based on the Loans, the Security, the Mortgage Pool and relevant structural features of the transaction, which may include, among other things, the short-term unsecured, unguaranteed and unsubordinated debt ratings and the long-term ratings of the Account Bank, the Swap Collateral Account Bank and the Swap Counterparty. The ratings assigned to the Rated Notes by each Rating Agency have been provided on the basis that some or all of the Pre-Funding Reserves will be utilised, *inter alia*, to purchase Additional Loans on any date up to and including the Final Additional Loan Purchase Date. These ratings reflect only the views of the Rating Agencies in respect of the Rated Notes.

Any Rating Agency may also lower or withdraw its rating with respect to the Swap Counterparty. Under the terms of the Swap Agreement that may be entered into in respect of the Notes, if the relevant credit rating of the Swap Counterparty is withdrawn or reduced below certain thresholds, the Swap Counterparty shall be required to:

- (a) provide collateral in support of its obligations under the Swap Agreement; and/or
- (b) procure a guarantee of its obligations under the Swap Agreement; or
- (c) procure an appropriately rated replacement counterparty; or
- (d) take such other action (which may include inaction) necessary so that the rating of the Rated Notes following such action will be rated no lower than the Rated Notes would be rated but for the downgrade.

It cannot be assured, however, that the Swap Counterparty would be able to take any of the above actions upon the occurrence of this event or that the ratings of the Rated Notes will not be lowered or withdrawn upon the occurrence of this event.

The ratings that are assigned to the Rated Notes do not represent any assessment of the yield to maturity that a holder of a Rated Note may experience.



The ratings assigned by S&P address, *inter alia*:

- (a) the likelihood of full and timely payment to the holders of the Most Senior Class of all payments of interest on each Interest Payment Date; and
- (b) the likelihood of full and ultimate payment to the Noteholders of principal in relation to the Rated Notes on or prior to the Final Maturity Date.

The ratings assigned by DBRS address, *inter alia*:

- (a) the likelihood of full and timely payment to the holders of the Most Senior Class of all payments of interest on each Interest Payment Date; and
- (b) full payment of principal due to the holders of the Rated Notes by a date that is not later than the Final Maturity Date for the Rated Notes.

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

Credit rating agencies other than the Rating Agencies could seek to rate the Rated Notes without having been requested to do so by the Issuer and, if such unsolicited ratings are lower than the comparable ratings assigned to the Rated Notes by the Rating Agencies those unsolicited ratings could have an adverse effect on the market value and/or liquidity of the Rated Notes. In addition, the mere possibility that a rating could be issued may affect price levels in any secondary market that may develop. In this Prospectus, all references to ratings are to ratings assigned by the relevant Rating Agencies.

A Rating Agency may lower, withdraw or qualify its rating if, in the sole judgement of the Rating Agency, the credit quality of the Rated Notes has declined or is in question. A Rating Agency may also change its criteria and/or methodology at any time and the application of its revised criteria and/or methodology may lead it to lower, withdraw or qualify its rating of the Rated Notes. If any rating assigned to the Rated Notes is downgraded or withdrawn, the market value and/or liquidity of the Rated Notes may be reduced.

#### *Rights of Noteholders, Certificateholders and Secured Creditors*

The Trust Deed contains provisions which prescribe the priority of rights as between Classes of Notes, the Certificates and other Secured Creditors. Accordingly, Noteholders and Certificateholders should note the risks involved in investing in any particular Class of Notes and in the Certificates given the priorities and control afforded to them under the Trust Deed.

- (a) *Conflict between Noteholders*: The Trust Deed contains provisions requiring the Trustee to have regard to the interests of the Noteholders and Certificateholders equally as regards all powers, trusts, authorities, duties and discretions of the Trustee (except where expressly provided otherwise).

If, in the Trustee's opinion, however, there is or may be a conflict between the interests of the holders of one or more Classes of Notes, on the one hand, and the interests of the holders of one or more Classes of Notes, on the other hand, then the Trustee is required to have regard only to the interests of the holders of the relevant affected Class of Notes ranking in priority to other relevant Classes of Notes in the following order: (i) the A Noteholders; (ii) the B Noteholders; (iii) the C Noteholders; (iv) the D Noteholders; (v) the E Noteholders; (vi) the F Noteholders; (vii) the G Noteholders; (viii) the X Noteholders; (ix) the Z Noteholders; and (x) the Certificateholders.

As a result, holders of Notes other than the Most Senior Class may not have their interests taken into account by the Trustee when the Trustee exercises discretion where there is a conflict of interest.

So long as any of the Notes are outstanding, the Trustee will have regard solely to the interests of the Noteholders and shall not have regard to the interests of the Certificateholders or other Secured Creditors, subject to the provisions of the Trust Deed. If there are no Notes outstanding, the Trustee is to have sole regard to the interests of the Certificateholders and shall have regard to the interests of the other Secured Creditors only to pay such parties any monies received and payable to them

and to act in accordance with the applicable Priority of Payments and the Secured Creditors shall have no claim against the Trustee for doing so.

- (b) *Subordination of the Notes and the Certificates:* The Notes and the Certificates are ranked in right of payment of interest and principal such that the A Notes will rank in priority to the B Notes, which will rank in priority to the C Notes, which will rank in priority to the D Notes, which will rank in priority to the E Notes, which will rank in priority to the F Notes, which will rank in priority to the G Notes, which will rank in priority to the X Notes, which will rank in priority to the Z Notes, which will rank in priority to the Certificates as described in more detail in "*Credit Structure – The Notes*" and Notes Condition 2 (*Status, Security and Administration*).

Investors in the X Notes, the Z Notes and the Certificates should also note the specific circumstances under which interest and principal is paid on the X Notes, the Z Notes and the Certificates as described in more detail in Notes Condition 2 (*Status, Security and Administration*).

In addition to the above, payments on the Notes are subordinate to payments of certain fees, costs and expenses payable to the other Secured Creditors (including, amongst others, the Trustee, the Account Bank, the Swap Counterparty (other than (in respect of the Rated Notes) certain subordinated swap payments), the Servicer, the Legal Title Holder, the Servicer Facilitator, the Cash Administrator, the Cash Administrator Facilitator, the Paying Agents, the Collection Account Provider, the Registrar and the Agent Bank) and certain third parties. For further information on the likely costs payable to such Secured Creditors, please see "*Overview of Credit Structure and Cash Flow*" and "*Fees*" below.

To the extent that the Issuer does not have sufficient funds to satisfy its obligations to all its creditors, the holders of the lower ranking Notes will be the first to see their claims against the Issuer unfulfilled.

However, there is no assurance that these subordination provisions will protect the holders of the more senior classes of Notes (including the Most Senior Class of Notes) from all or any risk of loss and it is unlikely that the X Notes, the Z Notes or the Certificates will receive the economic benefit of the Swap Agreement.

- (c) *Modification and Waivers of Transaction Documents:* Without Noteholder or Certificateholder Consent: The Trust Deed contains provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders (including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the requisite majority for such vote).

However, pursuant to the terms of the Trust Deed, in certain circumstances, each as more particularly described in Notes Condition 11(e) (*Modification and Waiver*):

- (i) the Trustee may agree, without the consent or sanction of any of, or any liability to, any Noteholder or Certificateholder to (A) (I) any modification of any of the provisions of the Trust Deed, the Notes Conditions, the Certificates Conditions or any of the other Transaction Documents which is, in its opinion, of a formal, minor or technical nature or is made to correct a manifest error, and (II) any other modification (excluding a Notes Basic Terms Modification or a Certificates Basic Terms Modification) of any of the provisions of the Trust Deed, the Notes Conditions, the Certificates Conditions or any of the other Transaction Documents which is in the opinion of the Trustee not materially prejudicial to the interests of the holders of the Most Senior Class (other than any Noteholders of the Most Senior Class who have confirmed their consent in writing to the relevant modification), provided that, in respect of any modification of, or in connection with, the Deed Poll and the Mortgage Pool Option or Risk Retention Regulatory Change Deed Poll and the Risk Retention Regulatory Change Option granted therein, the written consent of the Mortgage Pool Option Holder or the Risk Retention Regulatory Change Option Holder respectively has been obtained by the Issuer and provided to the Trustee; or (B) determine that an Event of Default or Potential Event of Default will not be treated as such where in the opinion of the Trustee such waiver, authorisation or determination is not materially prejudicial to the interests of the holders of the Most Senior Class (other than any holders of the Most Senior Class who have confirmed their consent in writing to

the relevant waiver, authorisation or determination), provided that in the case of a waiver or authorisation the Trustee will not do so in contravention of an express direction given by an Extraordinary Resolution of holders of the Most Senior Class made pursuant to Notes Condition 9 (*Events of Default*); and

- (ii) the Trustee shall be obliged, without any consent or sanction of the Noteholders, the Certificateholders or, subject to the receipt of consent from any of the Secured Creditors party to a Transaction Document being modified or whose ranking in any Priority of Payments is affected, any of the other Secured Creditors, to concur with the Issuer in making any modification (other than in respect of a Notes Basic Terms Modification or a Certificates Basic Terms Modification) to the Notes Conditions, the Certificates Conditions and/or any other Transaction Document to which it is a party or in relation to which it holds security with respect to a number of matters, including modifications or the entry into any new, supplemental or additional documents (A) which the Issuer considers necessary in order to enable the Issuer to comply with any requirements which apply to it under EMIR; (B) which the Issuer considers necessary in order to enable the Issuer to comply with any obligation which applies to it under the Securitisation Regulation, including as a result of the adoption of regulatory or implementing technical standards in relation to the Securitisation Regulation or any other legislation or regulations or official guidance in relation thereto; (C) which the Issuer considers necessary in order to facilitate the appointment of a replacement Servicer appointed by the Issuer in accordance with the terms of the Servicing Agreement; and (D) which the Issuer considers necessary in order to facilitate the appointment of a replacement Cash Administrator appointed by the Issuer in accordance with the terms of the Cash Administration Agreement.

Any such modifications permitted above shall be binding on the Noteholders, Certificateholders or other Secured Creditors, however there is no guarantee that any changes made to the Transaction Documents and the Conditions pursuant to the obligations imposed on the Trustee, as described above, would not be prejudicial to the Noteholders.

The Trustee shall not be obliged to agree any modification permitted by the Trust Deed, the Notes Conditions, the Certificates Conditions or any other Transaction Document which (in the sole opinion of the Trustee) would have the effect of: (x) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction; or (y) increasing the obligations or duties, or decreasing the protections of the Trustee in the Transaction Documents, the Trust Deed and/or the Conditions.

- (d) *Modification and Waivers of Transaction Documents – Benchmark Amendment – Negative Consent*: As more particularly described in Notes Condition 11(e) (*Modification and Waiver*), in addition to the right of the Trustee to make certain modifications to the Transaction Documents without Noteholder consent described above, the Trustee shall, without any consent or sanction of the Noteholders or any of the other Secured Creditors, concur with the Issuer in making any modification (other than a Notes Basic Terms Modification) to the Conditions and/ or any other Transaction Document in order to change the base rate in respect of the Notes from SONIA to an alternative base rate (which may be another SONIA linked rate) and make such other amendments as are necessary or advisable in the commercially reasonable judgement of the Issuer (or the Servicer on its behalf) to facilitate such change. If the Issuer proposes a modification of such Transaction Document and/or Conditions, it shall promptly cause the Trustee and all Noteholders to be notified of the proposed modification in accordance with Notes Condition 13 (*Notice to Noteholders*). If, within 30 calendar days from the giving of such notice, Noteholders representing at least 10 per cent. of the Principal Amount Outstanding of the Most Senior Class then outstanding have notified the Trustee in writing (or otherwise in accordance with the then current practice of any applicable Clearing System through which such Notes may be held) that such Noteholders do not consent to the modification, then such modification will not be made unless an Extraordinary Resolution of the Noteholders of the Most Senior Class then outstanding is passed in favour of such modification in accordance with Notes Condition 11(a) (*Meetings of Noteholders; Modifications; Consents; Waiver*). If, however, Noteholders representing at least 10 per cent. of the Principal Amount Outstanding of the Most Senior Class then outstanding fail to notify the Trustee in writing that they do not consent to such modification as set forth above, then all Noteholders will be deemed to have consented to such modification and the Trustee shall, subject to the requirements of Notes Condition 11(f) (*Modification and Waiver in relation to the Reference*

Rate), without seeking further consent or sanction of any of the Noteholders and irrespective of whether such modification is or may be materially prejudicial to the interest of the Noteholders of any Class, concur with the Issuer in making the proposed modification. Therefore, it is possible that a modification could be made without the vote of any Noteholders or even if holders holding less than 10 per cent. of the Principal Amount Outstanding of the Most Senior Class then outstanding objected to it. Again there is no guarantee that any changes made to the Transaction Documents and the Conditions pursuant to the obligations imposed on the Trustee, as described above, would not be prejudicial to the Noteholders.

- (e) *Modification and Waivers of Transaction Documents – Benchmark Amendment – Negative Consent:* An Extraordinary Resolution (other than an Extraordinary Resolution relating to a Notes Basic Terms Modification) or Ordinary Resolution may be passed by the negative consent of the relevant Noteholders. An Extraordinary Resolution or an Ordinary Resolution, as applicable, will be passed by a Class of Notes unless, within 40 days of the requisite notice being given by the Issuer, the Trustee or the Cash Administrator (as set out in the Cash Administration Agreement) to such Class of Noteholders in accordance with the provisions of Notes Condition 13 (*Notice to Noteholders*), (a) in the case of an Extraordinary Resolution, the holders of 10 per cent. or more in aggregate of the Principal Amount Outstanding of the Notes of such Class or (b) in the case of an Ordinary Resolution, the holders of 15 per cent. or more in aggregate of the Principal Amount Outstanding of the Notes of such Class, have informed the Trustee in the prescribed manner of their objection to such Extraordinary Resolution or Ordinary Resolution, as applicable. Therefore, it is possible that an Extraordinary Resolution (other than an Extraordinary Resolution relating to a Notes Basic Terms Modification) could be passed without the vote of any Noteholders or even if holders of up to 9.99 per cent. in aggregate of the Principal Amount Outstanding of the relevant Class of Notes objected to it and it is possible that an Ordinary Resolution could be deemed to be passed without the vote of any Noteholders or even if holders of up to 14.99 per cent. in aggregate of the Principal Amount Outstanding of the relevant Class of Notes objected to it.
- (f) *Rating Agencies' Confirmation:* Where it is necessary for the Trustee to determine, in its opinion, for the purposes of exercising any right, power, trust, authority, duty or discretion under or in relation to the Notes, the Conditions or any of the Transaction Documents, whether or not such exercise will be materially prejudicial to the interests of the Noteholders or any Class of Noteholders, the Trustee shall be entitled, in making such a determination, to take into account any other things it may, in its absolute discretion, consider necessary and/or appropriate, including whether the then ratings of the Rated Notes will be adversely affected and any confirmation by a Rating Agency (if available) that the then current ratings of the Rated Notes or, as the case may be, the Rated Notes of such Class will not be downgraded, withdrawn or qualified, and that, where any original rating of the Rated Notes or, as the case may be, the Rated Notes of such Class has been and continues to be downgraded, restoration of such original rating would not be prevented, as a result of such exercise.

No assurance can be given that any or all of the Rating Agencies will provide any such confirmation or that, depending on the timing of the delivery of the request and any information needed to be provided, it may be the case that the Rating Agencies cannot provide their confirmation in the time available and, in either case, the Rating Agencies will not be responsible for the consequences thereof. However, if a confirmation is provided, it should be noted that a Rating Agency's decision to reconfirm a particular rating may be made on the basis of a variety of factors. In particular, the holders of Rated Notes should be aware that the Rating Agencies owe no duties whatsoever to any parties to the transaction (including the Noteholders) in providing any confirmation of ratings.

No assurance can be given that any such confirmation will not be given in circumstances where the relevant proposed matter would materially adversely affect the interests of Noteholders of a particular Class.

The implementation of certain matters will, pursuant to the Transaction Documents, be subject to (i) the receipt of written confirmation from each Rating Agency that the implementation of such matters would not result in the then current ratings of each Class of Notes rated thereby being qualified, downgraded or withdrawn or (ii) certification in writing from the Issuer to the Trustee that the Issuer has been unable to obtain such written confirmation but that the Rating Agencies then rating the Notes have been informed of the implementation of such matters and none of such Rating Agencies have indicated that the implementation of such matters would result in a

qualification, downgrade or withdrawal of the then current ratings of each Class of Rated Notes. It is possible that, in certain circumstances, amendments are made to the Transaction Documents notwithstanding the fact that a Rating Agency Confirmation is not obtained.

#### *Conflicts of interest*

Certain of the Transaction Parties and their respective affiliates are acting in a number of capacities in connection with the transaction described herein. Those Transaction Parties and any of their respective affiliates acting in such capacities will have only the duties and responsibilities expressly agreed to by each such entity in the relevant capacity and will not, by reason of it or any of its affiliates acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to be held to a standard of care other than as expressly provided with respect to each such capacity. In no event shall such Transaction Parties or any of their respective affiliates be deemed to have any fiduciary obligations to any person by reason of their or any of their respective affiliates acting in any capacity.

In addition to the interests described in this Prospectus, the Joint Lead Manager Related Persons:

- (a) may from time to time be a Noteholder and/or Certificateholder or have other interests with respect to the Notes or Certificates and they may also have interests relating to other arrangements with respect to a Noteholder or a Note, a Certificateholder or a Certificate, or any other Transaction Party;
- (b) may receive (and will not have to account to any person for) fees, brokerage and commissions or other benefits and act as principal with respect to any dealing with respect to any Notes or Certificates;
- (c) may purchase all or some of the Notes or Certificates and resell them in individually negotiated transactions with varying terms; and
- (d) may be or have been involved in a broad range of transactions including, without limitation, banking, lending, advisory, dealing in financial products, credit, derivative and liquidity transactions, investment management, corporate and investment banking and research in various capacities in respect of the Notes, the Certificates, the Issuer or any other Transaction Party or any related entity, both on its own account and for the account of other persons; and
- (e) may provide or arrange financing to the Risk Retention Holder in respect of the Retained Interest and, as lender, under any such retention financing (i) could seek to enforce its security over all or some of the Retained Interest and, directly or indirectly, take possession or sell such Retained Interest to a third party and/or (ii) may derive fees and other revenues from the provision or arrangement of any such financings.

Prospective investors should be aware that:

- (a) each Joint Lead Manager Related Person in the course of its business (including in respect of interests described above) may act independently of any other Joint Lead Manager Related Person or Transaction Party;
- (b) to the maximum extent permitted by applicable law, the duties of each Joint Lead Manager Related Person in respect of the Notes and/or Certificates are limited to the relevant contractual obligations set out in the Transaction Documents (if any) and, in particular, no advisory or fiduciary duty is owed to any person. No Joint Lead Manager Related Person shall have any obligation to account to the Issuer, any Transaction Party or any Noteholder for any profit as a result of any other business that it may conduct with either the Issuer or any Transaction Party;
- (c) a Joint Lead Manager Related Person may have or come into possession of Relevant Information;
- (d) to the maximum extent permitted by applicable law no Joint Lead Manager Related Person is under any obligation to disclose any Relevant Information to any other Joint Lead Manager Related Person, to any Transaction Party or to any potential investor and this Prospectus and any subsequent conduct by a Joint Lead Manager Related Person should not be construed as implying that such Person is not in possession of such Relevant Information; and

- (e) each Joint Lead Manager Related Person may have various potential and actual conflicts of interest arising in the ordinary course of its businesses, including in respect of the interests described above. For example, a Joint Lead Manager Related Person's dealings with respect to a Note and/or a Certificate, the Issuer or a Transaction Party, may affect the value of a Note or Certificate.

As of the date of this Prospectus, Bunhill Investments Unlimited (an affiliate of Macquarie Bank International Limited) has a 5 per cent. stake in Bluestone Mortgage Holdings Limited (the holding company of BML) and Macquarie Bank International Limited has a circa 30 per cent. stake in Bluestone Mortgage Holdings Limited (the holding company of BML). Prior to the Issue Date, each of Macquarie Bank International Limited, London Branch and National Australia Bank Limited and/or each of its affiliates, amongst others, previously and currently provided the Warehouse Financing pursuant to which Bluestone Mortgage Finance No.3 Limited ("**BMF3**") and Bluestone Mortgage Finance No.4 Limited ("**BMF4**") acquired the beneficial interest in the Loans and their related Mortgages from BML. Prior to the Issue Date, BMF3 and BMF4 will sell their respective interests in the Loans and their related Mortgages to BML. Each of Macquarie Bank International Limited, London Branch and National Australia Bank Limited expect that such Warehouse Financing (as applicable) will be partially repaid on or about the Issue Date by BMF3 and BMF4 using the proceeds of sale received by the Seller from the Issuer in respect of the Mortgage Pool. In acting as a lender or an arranger of such Warehouse Financing each of Macquarie Bank International Limited, London Branch and National Australia Bank Limited and each of its respective affiliates will act in its own commercial interests and will not be required to take into account the interests of the Noteholders, Certificateholders, or any other party.

These interests may conflict with the interests of a Noteholder or Certificateholder, and the Noteholder or Certificateholder may suffer loss as a result. To the maximum extent permitted by applicable law, a Joint Lead Manager Related Person is not restricted from entering into, performing or enforcing its rights in respect of the Transaction Documents, the Notes, the Certificates, or the interests described above and may otherwise continue or take steps to further or protect any of those interests and its business even where to do so may be in conflict with the interests of Noteholders, the Certificateholders, and the Joint Lead Manager Related Persons may in so doing so act in its own commercial interests and without notice to, and without regard to, the interests of any such person.

#### *Financing of the risk retention piece*

Any financing of the Risk Retention Piece may require a grant or a security interest over the Risk Retention Piece and result in the financing counterparty having enforcement rights in case of an event of default, which may include the right to appropriate or sell the Risk Retention Piece. In carrying out such appropriations or sale, the financing counterparty would not be required to have regard for the provisions of the EU Retention Requirement or the U.S. Risk Retention Rules, and any such sale could cause the Risk Retention Holder (and the transaction as a whole) to be out of compliance with such requirements and rules.

#### *Legal Risks related to the sale of the Mortgage Pool*

The sale of the Loans and Collateral Security by the Seller to the Issuer will be effected pursuant to the terms of the Mortgage Sale Agreement. There are certain general legal considerations investors are advised to consider in relation to such sale as described in "*Certain Legal and Regulatory Matters Affecting the Loans and the Notes – Effect of the sale of the Mortgage Pool*", "*Certain Legal and Regulatory Matters Affecting the Loans and the Notes – Set-off risk*", and "*Certain Legal and Regulatory Matters Affecting the Loans and the Notes – Equitable interest and Scottish Declaration of Trust*".

Investors should note in particular the risks related to "transaction set-off" being the direct rights of the Borrowers against the Legal Title Holder described in "*Certain Legal and Regulatory Matters Affecting the Loans and the Notes – Set-off risk*". The amounts of any claim against the Legal Title Holder will, in many cases, be the cost to the Borrower of finding an alternative source of funds. The Borrower may obtain a mortgage loan elsewhere, in which case the damages awarded could be equal to any difference in the borrowing costs together with any direct losses arising from the Legal Title Holder's breach of contract, namely the associated costs of obtaining alternative funds (for example, legal fees and survey fees).

However, if the Borrower is unable to obtain an alternative mortgage loan, he or she may have a claim in respect of other indirect losses arising from the Legal Title Holder's breach of contract where there are special circumstances communicated by the Borrower to the Legal Title Holder at the time the Borrower entered into the Loan or which otherwise were reasonably foreseeable. A Borrower may also attempt to

set-off an amount greater than the amount of his or her damages claim against his or her mortgage payments. In that case, the Legal Title Holder will be entitled to take enforcement proceedings against the Borrower, although the period of non-payment by the Borrower is likely to continue until a judgment (or, in Scotland, decree) is obtained.

The exercise of set-off rights by Borrowers may adversely affect the realisable value of the Mortgage Pool and/or the ability of the Issuer to make payments under the Notes and Certificates.

## **Risks related to the Loans**

### *Warranties*

Neither the Issuer nor the Trustee has undertaken or will undertake any investigations, searches or other actions in respect of the Loans and their related Mortgages, and each will rely instead on the Warranties. The sole remedy (save as described below) of the Issuer and the Trustee in respect of a breach of Warranty which could have a material adverse effect on the value of the relevant Loan and related Mortgage (other than where such breach was disclosed at the point of sale to the Issuer (see "*Sale of the Mortgage Pool – Warranties and Repurchase*")) and which, if capable of remedy, is not so remedied by the Seller or, where applicable, an affiliate, within 90 Business Days of notification of such breach to the Seller and the Servicer by the Issuer, shall be the requirement that the Seller repurchase, or shall procure that an affiliate repurchases, the relevant Loan which is the subject of any breach in return for a cash payment equal to the Repurchase Price. If a Loan has never existed, or has ceased to exist, the Seller shall instead be required to make an indemnification payment to the Issuer and the Trustee against any liabilities suffered by reason of the breach of Warranty relating to that Loan. The amount of such indemnity shall be equal to the Repurchase Price for the Loan had the Loan been repurchased on the Repurchase Date. However, there can be no assurance that the Seller (or an affiliate thereof) will have the financial resources to honour such obligations under the Mortgage Sale Agreement. This may affect the quality of the Loans and their Collateral Security in the Mortgage Pool and accordingly the ability of the Issuer to make payments due on the Notes and/or Certificates.

### *Scottish Loans*

Approximately 2.09 per cent. of the aggregate number of the loans (representing 2.08 per cent. of the aggregate Principal Balance of the Loans) in the Provisional Completion Mortgage Pool are Scottish Loans. These Loans are secured by Scottish Mortgages. In addition to the potential risks discussed in "*Risks related to economic environment – Geographic concentration of the Loans*" below, the requirements imposed by the 1970 Act, as amended by the 2010 Act as discussed in more detail in "*Certain Legal and Regulatory Matters Affecting the Loans and the Notes – Scottish Loans*", may restrict the ability of the Legal Title Holder as heritable creditor of the Scottish Mortgages to exercise its enforcement remedies and this could affect the ability of the Issuer to make payments under the Notes.

### *Risk of losses associated with product concentration of Loans*

There are particular risks associated with certain types of Loans in the Mortgage Pool which in turn could affect payments on the Notes and/or the Certificates.

- (a) Risks associated with non-owner-occupied Properties: Approximately 19.51 per cent. of the aggregate number of the loans (representing 19.33 per cent. of the aggregate Principal Balance of the Loans) in the Provisional Completion Mortgage Pool are secured by non-owner occupied Property.

Although it is intended that the Properties will be let by the relevant Borrower to tenants, there can be no guarantee that each such Property will be the subject of an existing tenancy when the relevant Mortgage is acquired by the Issuer or that any tenancy which is granted will subsist throughout the life of the Mortgage and/or that the rental income achievable from tenancies of the relevant Property will be sufficient to provide the Borrower with sufficient income to meet the Borrower's interest obligations in respect of the Mortgage.

As such, the security for the Notes will also from time to time be affected by the condition of the private residential rental market in England and Wales and/or Scotland (as applicable) and, in particular, the condition of the private rental market within the various regional areas in England and Wales and/or Scotland (as applicable) where the relevant Properties are located. The condition

of the rental market will influence both the ability of Borrowers to find tenants and the amount of rental income which may be achieved by the relevant Borrower in any letting.

In addition, the effect of the law in England, Wales and Scotland in relation to enforcement procedures with respect to non owner-occupied Properties as described in "*Certain Legal and Regulatory Matters Affecting the Loans and the Notes – Legal and Tax Matters Associated With Non Owner-Occupied Properties*" mean that any enforcement in relation to the non owner-occupied Properties securing the Loans in the Mortgage Pool may result in lower recoveries and may affect the ability of the Issuer to make payments to Noteholders and Certificateholders. In addition, in respect of properties in England and Wales, any delays in enforcement which may be caused by The Dwelling Houses (Execution of Possession Orders by Mortgagees) Regulations 2010 or the Mortgage Repossessions (Protection of Tenants etc.) Act 2010 may delay the Legal Title Holder exercise of its power of sale in relation to the English Buy-to-Let Loans and may in turn reduce the timeliness of receipts receivable by the Issuer under the Mortgage Pool and may adversely impact on the ability of the Issuer to make payments under the Notes.

Further, the tax legislation in the UK in relation to non owner-occupied Properties as described in "*Certain Legal and Regulatory Matters Affecting the Loans and the Notes – Legal and Tax Matters Associated With Non Owner-Occupied Properties*" may adversely affect the private residential rental market in the United Kingdom and (in the case of the restriction of income tax relief) the ability of individual Borrowers of buy-to-let loans to meet their obligations under those Loans and accordingly the Issuer's ability to meet its obligations under the Notes and the Certificates.

- (b) Risk of losses associated with Interest Only Loans: Approximately 14.70 per cent. of the aggregate number of Loans (representing 16.65 per cent. of the aggregate Principal Balance of the Loans) in the Provisional Completion Mortgage Pool constitute Interest Only Loans.

Interest Only 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 Loan, the Borrower will be required to make a "bullet" repayment that will represent the entirety of the principal amount outstanding thereof. The ability of such a Borrower to repay an Interest Only Loan at maturity may often depend on such Borrower's ability to refinance the Property or obtain funds from another source such as pension policies, personal equity plans or endowment policies. 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 and general economic conditions at the time. If a Borrower cannot repay an Interest Only Loan, a loss may occur and this may affect payments on the Notes and/or Certificates.

- (c) The Help to Buy Scheme (and equivalent Scottish schemes) are applicable to some of the Loans in the Mortgage Pool: Approximately 13.7 per cent. of the aggregate number of the Loans (representing 15.88 per cent. of the aggregate Principal Balance of the Loans) in the Provisional Completion Mortgage Pool are Help to Buy Loans. Additional Loans that are Help to Buy Loans could be added to the Mortgage Pool on a Further Purchase Date.

The enforcement procedures as described in "*Certain Legal and Regulatory Matters Affecting the Loans and the Notes – Help To Buy Loans*" may result in delays to enforcement and accordingly affect payments on the Notes and/or Certificates.

No Loans in the Mortgage Pool benefit from any guarantee provided under the Help to Buy Scheme or the equivalent Scottish scheme.

#### *Additional Loans*

The Additional Loans will be originated by BML between 1 June 2019 to 15 November 2019.

Any Additional Loan is required as at the date of its acquisition by the Issuer to comply with Additional Loan Criteria and the representations and warranties specified in the Mortgage Sale Agreement. See "*Sale of the Mortgage Pool*" for conditions applicable to the acquisition of Additional Loans by the Issuer.

There can be no certainty that following the acquisition of any Additional Loans by the Issuer prior to the Final Additional Loan Purchase Date, that the Mortgage Pool will have similar proportions or similar



concentration characteristics as set out in the tables in the section entitled "*Characteristics of the Provisional Completion Mortgage Pool*" below in relation to the Loans constituting the Provisional Completion Mortgage Pool.

The ratings assigned to the Rated Notes by each Rating Agency have been provided on the basis that some or all of the Pre-Funding Reserves will be utilised, *inter alia*, to purchase Additional Loans on any date up to and including the Final Additional Loan Purchase Date. These ratings reflect only the views of the Rating Agencies in respect of the Rated Notes.

#### *Underwriting Standards*

The Loans have been underwritten generally in accordance with underwriting standards described in "*Description of the Loans and Eligibility Criteria – Lending Criteria*" below. These underwriting standards consider, among other things, a Borrower's credit history, employment history and status, repayment ability and income multiple or debt service-to-income ratio, as well as the value of the property. For a description of the underwriting standards, see "*Description of the Loans and Eligibility Criteria – Lending Criteria*" below. For a detailed analysis of the Loans constituting the Mortgage Pool on the Issue Date, see "*Characteristics of the Provisional Completion Mortgage Pool*" below. There can be no assurance that these underwriting standards will not be varied or that loans originated under different criteria may not become part of the Mortgage Pool.

#### *Extraction of information contained in this Prospectus*

The information contained in the section of this Prospectus entitled "*Characteristics of the Provisional Completion Mortgage Pool*" has been extracted from information provided by the Servicer (which information has been subject to rounding). Investors should note that none of the information provided in such section has been the subject of an audit. In particular, information relating to CCJs, Bankruptcy Orders or IVAs (including in each case, their Scottish equivalents) has not been subject to due diligence by means of an agreed upon procedure or other similar examination. The Servicer is not providing any representations or warranties in respect of this information.

Each of the Co-Arrangers and the Joint Lead Managers are entitled to assume that all information provided to them by the Servicer for the purpose of reporting on the arithmetic or other accuracy is true and correct and is complete and not misleading and are not required to conduct an audit or other similar examination in respect of or otherwise take steps to verify the accuracy or completeness of such information save that the Servicer will be required to advise the Co-Arrangers and the Joint Lead Managers if they have not been provided with any of those figures which it is required to provide.

#### **Risks related to economic environment**

*Absence of secondary market or lack of liquidity in the secondary market may adversely affect the market value of the Notes*

The ability of the Issuer to redeem all of the Notes in full, including following the occurrence of an Event of Default in relation to the Notes while any of the Loans are still outstanding, may depend upon whether the Loans can be realised to obtain an amount sufficient to redeem the Notes.

There is not, at present, an active and liquid secondary market for the Notes, and there can be no assurance that a secondary market for the Notes will develop. To date, neither of the Joint Lead Managers have indicated that they intend to establish a secondary market in the Notes. Any investor in the Notes must be prepared to hold their Notes for an indefinite period of time or until the Final Maturity Date or, alternatively, such investor may only be able to sell the Notes at a discount to the original purchase price of those Notes.

The secondary market for mortgage-backed securities has in the past experienced significant disruptions resulting from, among other things, reduced investor demand for such securities. This has resulted in the secondary market for mortgage-backed securities similar to the Notes experiencing very limited liquidity during such severe disruptions. Limited liquidity in the secondary market could have a material adverse effect on the market value of mortgage-backed securities including the Notes issued by the Issuer, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the investment requirements of limited categories of investors. It is not known whether such disruptions to the market will reoccur.

Whilst central bank schemes such as the Bank of England's Discount Window Facility, the Extended Collateral Term Repo Facility and Funding for Lending Scheme and the Eurosystem monetary policy framework of the European Central Bank provide an important source of liquidity in respect of eligible securities, the relevant eligibility criteria for eligible collateral which apply and will apply in the future under such facilities are likely to adversely impact secondary market liquidity for mortgage-backed securities in general, regardless of whether the Notes are eligible securities. No assurance is given that any Class of Notes will be eligible for any specific central bank liquidity schemes.

In addition, potential investors should be aware that global markets have been negatively impacted by the then prevailing global credit market conditions and reduced growth expectations for the

Organisation for Economic Co-operation and Development economies, which could affect any secondary market for instruments similar to the Notes. In particular, at the date of this Prospectus, as well as the current challenges facing the European macro-economic environment, certain European governments are in discussions with other countries in the Eurozone, the International Monetary Fund and other creditors and are in the process of establishing or have already established and are implementing an austerity programme. There has been further uncertainty in the global markets as a result of the United Kingdom's vote to leave the European Union (see "*Risks in relation to the United Kingdom's vote to leave the European Union*" below). It is unclear what the effect of these discussions will be on the Eurozone economy. This uncertainty may have implications for the liquidity of the Notes in the secondary market.

#### *Economic conditions in the Eurozone*

Concerns relating to credit risk (including that of sovereigns and of those entities which have exposure to sovereigns) have recently intensified. In particular, concerns have been raised with respect to current economic, monetary and political conditions in the Eurozone. If such concerns persist and/or such conditions further deteriorate (including as may be demonstrated by any relevant credit rating agency action, any default or restructuring of indebtedness by one or more Member States or institutions and/or any changes to, including any break up of, the Eurozone), then these matters may cause further severe stress in the financial system generally and/or may adversely affect the Issuer, one or more of the other parties to the Transaction Documents (including the Seller and the Servicer) and/or any Borrower in respect of the Loans. Given the current uncertainty and the range of possible outcomes, no assurance can be given as to the impact of any of the matters described above and, in particular, no assurance can be given that such matters would not adversely affect the rights of the Noteholders, the market value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

#### *Geographic concentration of the Loans*

To the extent that specific geographic regions have experienced or may experience in the future weaker regional economic conditions and housing markets than other regions, a concentration of the Loans in such a region may be expected to exacerbate all of the risks relating to the Loans described in this section "*Risk Factors*". The Issuer cannot predict when and/or where such regional economic declines may occur, nor to what extent or for how long such conditions may continue, but if the timing and payment of the Loans are adversely affected as described above, the ability of the Issuer to make payments due under the Notes or Certificates could be reduced or delayed.

#### *Risks in relation to the United Kingdom's vote to leave the European Union*

On 23 June 2016 the United Kingdom voted to leave the European Union in a referendum (the "**Brexit Vote**") and on 29 March 2017 the United Kingdom gave formal notice (the "**Article 50 Notice**") under Article 50 of the Treaty on European Union ("**Article 50**") of its intention to leave the European Union.

Article 50 provides that the EU treaties will cease to apply to the UK two years after the Article 50 Notice unless a withdrawal agreement enters into force earlier or the two year period is extended by unanimous agreement of the UK and the European Council. As a result of such extensions, the United Kingdom will leave the European Union on 31 October 2019 at 11pm, in the absence of a withdrawal agreement or any further extensions.

The terms of the UK's exit from the EU are unclear. It is possible that the UK will leave the EU with no withdrawal agreement in place if no agreement can be reached and approved by all relevant parties within

the allotted time. If the UK leaves the EU with no withdrawal agreement, it is likely that a high degree of political, legal, economic and other uncertainty will result.

In addition to the economic and market uncertainty this brings (see "*Market uncertainty*" below) there are a number of potential risks in relation to an investment in the Notes and/or the Certificates that Noteholders should consider:

(a) Political uncertainty

The UK is experiencing a period of acute political uncertainty connected to the negotiations with the EU. Such uncertainty could lead to a high degree of economic and market disruption and legal uncertainty. It is not possible to ascertain how long this period will last and the impact it will have on the UK in general and the market, including market value and liquidity, for asset-backed securities similar to the Notes and the Certificates in particular. The Issuer cannot predict when or if political stability will return, or what the market conditions relating to asset-backed securities similar to the Notes and Certificates at that time.

(b) Legal uncertainty

A significant proportion of UK law currently derives from or is designed to operate in concert with European Union law. This is especially true of English law relating to financial markets, financial services, prudential and conduct regulation of financial institutions, bank recovery and resolution, payment services and systems, settlement finality, and market infrastructure. The European Union (Withdrawal) Act 2018 (the "**Withdrawal Act**") will incorporate most of the existing EU law *acquis* into UK law the moment before the UK ceases to be a member of the EU, with the intention of limiting immediate legal change. The Withdrawal Act also grants the UK Government wide powers to make secondary legislation in order to, among other things, implement any withdrawal agreement and to adapt retained EU law that would otherwise not function sensibly once the UK has left the EU, on the whole with minimal parliamentary scrutiny. The secondary legislation made under those powers would be able to do anything that could be done by an act of Parliament. Over time, however – and depending on the timing and terms of the UK's exit from the EU – significant changes to UK law in areas relevant to the transaction and the parties to the transaction are likely. The Issuer cannot predict what any such changes will be and how they may affect payments of principal and interest to the Noteholders and Certificateholders.

(c) Regulatory uncertainty

The UK's exit from the EU may also have a significant impact on how financial institutions from the remaining EU (the "**EU27**") with assets (including branches) in the UK will be regulated and vice versa. At present, EU single market regulation allows regulated financial institutions (including credit institutions, investment firms, alternative investment fund managers, insurance and reinsurance undertakings) to benefit from a passporting system for regulatory authorisations required to conduct their businesses, as well as facilitating mutual rights of access to important elements of market infrastructure such as payment and settlement systems. EU law is also the framework for mutual recognition of bank recovery and resolution regimes.

Once the UK ceases to be a Member State of the EU the current passporting system will cease to be effective, as will the current mutual rights of access to market infrastructure and current arrangements for mutual recognition of bank recovery and resolution regimes. The ability of regulated financial institutions to continue to do business between the UK and the EU27 after the UK ceases to be a Member State of the EU would therefore be subject to separate arrangements between the UK and the EU27. The UK government has taken various steps to mitigate the disruption that would result in the event that the UK leaves the EU with no withdrawal agreement, including the creation of a temporary permissions regime which would allow EU27 firms that currently rely on passporting rights to continue their activities in the UK for up to 3 years after exit day and a more limited run-off regime intended to address contract continuity issues. Nevertheless, regulatory uncertainty remains which could adversely impact the ability of third parties who are regulated financial institutions to provide services to the Issuer and the Transaction.

(d) Market uncertainty

Since the Brexit Vote, there has been volatility and disruption of the capital, currency and credit markets, including the market for asset-backed securities. There may be further volatility and disruption depending on the conduct and progress of the formal withdrawal negotiations initiated by the Article 50 Notice.

Potential investors should be aware that these prevailing market conditions affecting asset-backed securities could lead to reductions in the market value and/or a severe lack of liquidity in the secondary market for instruments similar to the Notes and Certificates. Such falls in market value and/or lack of liquidity may result in investors suffering losses on the Notes or Certificates in secondary resales even if there is no decline in the performance of the securitised portfolio.

The Issuer cannot predict when these circumstances will change and whether, if and when they do change, there would be an increase in the market value and/or there will be a more liquid market for the Notes or Certificates and instruments similar to the Notes or Certificates at that time.

(e) Counterparty risk

Counterparties to the Transaction Documents may be unable to perform their obligations due to changes in regulation, including the loss of existing regulatory rights to do cross-border business. Additionally, they may be adversely affected by rating actions or volatile and illiquid markets (including currency markets and bank funding markets) arising from the Brexit Vote, the Article 50 Notice and the conduct and progress of the formal withdrawal negotiations. As a result, there is an increased risk of such counterparties becoming unable to fulfil their obligations which could have an adverse impact on their ability to provide services to the Issuer and accordingly, on the ability of the Issuer to make payments of interest and repayments of principal to the Noteholders. See "*Reliance on Third Parties*" above.

(f) Adverse economic conditions affecting obligors

The uncertainty and market disruption following the Brexit Vote and the delivery of the Article 50 Notice may cause investment decisions to be delayed, reduce job security and damage consumer confidence. The resulting adverse economic conditions may affect Borrower's willingness or ability to meet their obligations, resulting in increased defaults in the Mortgage Pool and may ultimately affect the ability of the Issuer to pay interest and repay principal to Noteholders or Certificateholders.

(g) Break-up of the UK

The Brexit Vote has also caused increased constitutional tension within the UK. Majorities of voters in both Scotland and Northern Ireland voted to remain in the European Union. Leading figures in both Scotland and Northern Ireland have suggested that they have a mandate from their voters to remain in the EU and might seek to leave the United Kingdom in order to achieve that outcome. The border between Northern Ireland and the Republic of Ireland has been a particularly difficult and contentious issue in the withdrawal negotiations thus far.

On 28 March 2017, the Scottish Parliament voted to begin the process of holding a second referendum on Scottish independence, however the Scottish Government confirmed on 27 June 2017 that its plans to introduce prospective referendum legislation would be temporarily put on hold until Brexit negotiations had been concluded. On 24 April 2019, the First Minister of Scotland announced her intention to hold a second referendum by May 2021, being the end of the current parliamentary session, if Scotland is taken out of the EU. The Referendums (Scotland) Bill, which provides the framework for a second referendum, was tabled by the Scottish Government on 28 May 2019. While a parliamentary statement introducing the bill indicated that the Scottish Government would look for the backing of the UK Government prior to holding a second referendum, the UK Government has previously indicated that it would not allow the process to proceed until the Brexit process was complete. The bill does not set out a specific timeframe for a second referendum, however the First Minister has indicated a preference for it to be held in the latter half of 2020. The Issuer cannot predict the outcome of this continuing constitutional tension or how the potential future departure of Scotland and/or Northern Ireland from the UK would affect

the transaction and the ability of the Issuer to pay interest and repay principal to Noteholders and Certificateholders.

In particular, whilst the Seller is headquartered and incorporated in England and Wales, as at the Cut-Off Date in respect of the Provisional Mortgage Completion Pool, 2.09 per cent. of the Loans were Scottish Loans. A future departure of Scotland from the UK could impact the fiscal, monetary and regulatory landscape to which the Seller is subject. While the operational consequences of independence remain uncertain, it could (i) result in changes to the economic climate in Scotland and political and policy developments which could affect borrowers' ability to pay amounts when due on the Mortgage Loans and which may adversely affect payments on the Notes, (ii) have an impact on Scots law, regulation, accounting or administrative practice in Scotland, and/or (iii) result in Scotland not continuing to use Sterling as its base currency, which may result in part of the Mortgage Pool being redenominated and therefore the Notes potentially being subject to currency risk.

Risks and uncertainties associated with a departure of Scotland from the UK could materialise both before any referendum for independence takes place and, in addition, in the case of a vote for independence, after the referendum but before independence. The final negotiated terms of independence, as well as the risks and uncertainty created, could have an adverse impact on the Seller and Servicer's business and financial performance more generally.

(h) Rating actions

The Brexit Vote has resulted in downgrades of the UK sovereign and the Bank of England by S&P, Fitch and Moody's. S&P and Fitch have both placed a negative outlook on these ratings, suggesting a strong possibility of further negative rating action. The rating of the sovereign affects the ratings of entities operating in its territory, and in particular the ratings of financial institutions. Further downgrades may cause downgrades to counterparties to the Transaction Documents meaning that they cease to have the relevant required ratings to fulfil their roles and need to be replaced. If rating action is widespread, it may become difficult or impossible to replace counterparties on the transaction with others who have the required ratings on similar terms or at all.

Moreover, a more pessimistic economic outlook for the UK in general could lead to increased concerns around the future performance of the Mortgage Pool and accordingly the ability of the Issuer to pay interest and repay principal to Noteholders and Certificateholders and the ratings assigned to the Notes on the Issue Date could be adversely affected.

While the extent and impact of these issues is unknown, Noteholders and Certificateholders should be aware that they could have an adverse impact on Noteholders and the payment of interest and repayment of principal on the Notes and the Certificates.

*Increases in prevailing market interest rates may adversely affect the performance and market value of the Notes*

Although interest rates are currently at a historical low, this may change in the future and an increase in interest rates may adversely affect borrowers' ability to pay interest or repay principal on their Mortgages. Borrowers with a mortgage loan subject to a variable rate of interest or with a mortgage loan for which the related interest rate adjusts following an initial fixed rate or low introductory rate, as applicable, will be exposed to increased monthly payments if the related mortgage interest rate adjusts upward (or, in the case of a mortgage loan with an initial fixed rate or low introductory rate, at the end of the relevant fixed or introductory period). This increase in Borrowers' monthly payments, which (in the case of a mortgage loan with an initial fixed rate or low introductory rate) may be compounded by any further increase in the related mortgage interest rate during the relevant fixed or introductory period, may result in higher delinquency rates and losses in the future.

Borrowers seeking to avoid increased monthly payments (caused by, for example, the expiry of an initial fixed rate or low introductory rate, or a rise in the related mortgage interest rate) by refinancing their mortgage loans may no longer be able to find available replacement loans at comparably low interest rates. Any decline in housing prices may also leave borrowers with insufficient equity in the relevant properties to permit them to refinance.

These events, alone or in combination, may contribute to higher delinquency rates and losses on the Mortgage Pool, which in turn may affect the ability of the Issuer to make payments of interest and principal on the Notes.

#### *Borrowers may default on their obligations*

Borrowers may default on their obligations due under Loans for a variety of financial and personal reasons, including loss or reduction of earnings (and self-employed Borrowers may have more volatile earnings), illness, divorce and other similar factors which may, individually or in combination, lead to an increase in delinquencies by and bankruptcies of Borrowers. Certain national and international macroeconomic factors may also contribute to or hinder the economic health of a Borrower and thus the economic performance of the Loans.

#### *Risks of losses associated with declining real estate values*

An investment in securities such as the Notes and Certificates that generally represent a secured debt obligation (the security being in respect of Loans beneficially owned by the Issuer) may be affected by, among other things, a decline in real estate values and changes in the Borrowers' financial condition. All of the Properties are located in England or Wales or Scotland. Approximately 30.85 per cent. of the aggregate number of Loans (representing 41.19 per cent. of the aggregate Principal Balance of the Loans) in the Provisional Completion Mortgage Pool are secured by Properties located in the South East of England and Greater London. See the tables entitled "*Distribution of Loans by Region*" under "*Characteristics of the Provisional Completion Mortgage Pool*". Certain areas of the United Kingdom may from time to time experience declines in real estate values such as has been seen in recent times. No assurance can be given that values of the Properties have remained or will remain at their levels on the dates of origination of the related Loans. If the residential real estate market in the United Kingdom in general, or in the South East of England and Greater London in particular, should experience an overall decline in property values such that the values of the Properties may have reduced during the period starting from the origination of the related Loans until the end of the maturity of the Notes, and the outstanding balances of the Loans become equal to or greater than the value of the Properties, such a decline could in certain circumstances result in the value of the interest in the Properties created by the Mortgages being significantly reduced. To that extent, holders of interests in the Notes will bear all risk of loss resulting from default by Borrowers and will have to look primarily to the value of the Properties for recovery of the outstanding principal and unpaid interest on the delinquent Loans.

### **Regulatory and legal risks**

#### *Securitisation Regulation*

As discussed in detail in "*Certain Legal and Regulatory Matters Affecting the Loans and the Notes - Legal and Regulatory Matters Affecting the Loans – Securitisation Regulation*" the transaction contemplated herein is subject to the Securitisation Regulation. Although the Issuer believes that the transaction is in compliance with the requirements of the Securitisation Regulation, as discussed below there is at present some uncertainty in relation to some of these requirements, including in particular with regard to the transparency obligations under Article 7 of the Securitisation Regulation.

The Issuer is required to comply with periodic reporting requirements pursuant to Article 7 of the Securitisation Regulation. Based on advice that it has received, the Issuer has adopted the CRA3 Templates and has concluded, that as at the date hereof it has taken reasonable steps to comply with the requirements of Article 7 of the Securitisation Regulation. However, it also notes the general market uncertainty regarding the required form of disclosure and also the uncertainty as to the effect of the grandfathering provisions, if any, of the regulatory and implementing technical standards containing the ESMA Disclosure Templates when they eventually begin to apply. Furthermore, it is not yet clear how the FCA (as the competent authority in England, Wales and Scotland) intends to monitor and enforce compliance. The Issuer will continue to monitor any further statements by the European Supervisory Authorities and/or the FCA in this regard.

In addition, each potential investor is required to independently assess and determine the sufficiency of the information described above and in the Prospectus generally for the purposes of complying with Article 5 of the Securitisation Regulation and any corresponding national measures which may be relevant to investors and none of the Issuer, any Co-Arranger, any Joint Lead Manager or any of the other Transaction

Parties makes any representation that any such information described above or elsewhere in this Prospectus is sufficient in all circumstances for such purposes.

Please refer to the sections entitled "*Securitisation Regulations*" and "*General Information*" for further information on the Securitisation Regulation and its implications in relation to this Transaction.

#### *Regulatory Risks*

Regulatory initiatives may result in increased regulatory capital requirements for certain investors and/or decreased liquidity in respect of the Notes and Certificates. In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Accordingly investors should seek their own professional advice in relation to the risks involved in holding the Notes and/or the Certificates.

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

#### *Risks relating to U.S. Volcker Rule*

The Issuer has been structured so as not to constitute a "covered fund" for purposes of the Volcker Rule and its implementing regulations. If the Issuer is considered a "covered fund", the liquidity of the market for the Notes may be materially and adversely affected, since banking entities could be prohibited from, or face restrictions in, investing in the Notes. See "*Certain Regulatory Disclosures – Volcker Rule*" for more detail.

#### *Legal risks associated with the Loans, the Notes and the Transaction Documents*

The Loans, the Notes and the Transaction Documents are subject to a wide ranging legal regime within England, Wales and Scotland and in particular loans secured by residential property are subject to significant consumer regulation. Certain of these legal matters are described in "*Certain Legal and Regulatory Matters Affecting the Loans and the Notes*" and with respect to such matters, investors should note that:

- (a) as a result, the new rules in relation to the FCA's Mortgages and Home Finance: Conduct of Business sourcebook ("**MCOB**"), as described in "*Certain Legal and Regulatory Matters Affecting the Loans and the Notes – Legal and Regulatory Matters Affecting the Loans – Mortgages regulated under the Financial Services and Markets Act 2000* (the "**FSMA**"), may operate in certain circumstances to require BML to take certain forbearance-related actions which do not comply with the Transaction Documents (and, in particular, the asset servicing arrangements contemplated by such Transaction Documents) in respect of one or more Loans and the Transaction Documents will provide that BML will incur no liability as a result thereof. No assurance can be made that any such actions will not impact adversely on the Issuer's ability to make payments on the Notes, although the impact of this will depend on the number of Loans which involve a Borrower who experiences payment difficulties;
- (b) due to the nature of enforcing loans secured by residential properties, as described in "*Certain Legal and Regulatory Matters Affecting the Loans and the Notes – Legal and Regulatory Matters Affecting the Loans – Enforcement*", delays could be encountered in connection with enforcement of the Mortgages and recovery of the Loans with corresponding delays in the receipt of related proceeds by the Issuer; and
- (c) if a significant portion of the Loans are characterised as being cancellable under Financial Services (Distance Marketing) Regulations 2004, as discussed in "*Certain Legal and Regulatory Matters Affecting the Loans and the Notes – Legal and Regulatory Matters Affecting the Loans – Financial*

*Services (Distance Marketing) Regulations 2004*", then there could be an adverse effect on the Issuer's receipts in respect of those amounts, affecting the Issuer's ability to make payments in full on the Notes when due or payments on the Certificates.

The structure of the transaction and, inter alia, the issue of the Notes, the Certificates, and the ratings which are to be assigned to the Rated Notes are based on the relevant law, tax, accounting, risk retention requirements, regulatory and administrative requirements and practice, in effect as at the date of this Prospectus and having due regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given as to the impact of any possible change to the relevant law, tax, regulatory, risk retention requirements, accounting (and any change in regulation which may occur without a change in primary legislation), administrative practice or tax treatment after the date of this Prospectus nor can any assurance be given as to whether any such change would either adversely affect the ability of the Issuer to make payments under the Notes or Certificates and/or adversely affect any holder of the Notes and/or Certificates. In particular:

- (a) no assurance can be given with respect to the proposals set out in consultation paper published by the Ministry of Justice of the United Kingdom (entitled "Mortgages: power of sale and residential property" (CP55/09)) which if enacted may restrict the ability of the mortgagee to exercise its power of sale in relation to the English Mortgages and this may affect the Issuer's ability to make payments on the Notes and Certificates (see "*Certain Legal and Regulatory Matters Affecting the Loans and the Notes - Legal and Regulatory Matters Affecting the Loans – Consultation Paper on the power of sale and residential property*");
- (b) any further changes to MCOB arising from the FCA's review of the implementation of its mortgage market review, or to MCOB or the FSMA arising from (a) HM Treasury's proposals to change mortgage regulation or changes in the regulatory framework, including the European directive on credit agreements relating to residential property or (b) any future review carried out by the FCA, may adversely affect the Mortgage Pool, the Seller, the Legal Title Holder, the Issuer and/or the Servicer and their respective businesses and operations. Further the MCD Order and the related changes to MCOB are relatively new pieces of legislation. While BML has not experienced any material effect following the implementation of the MCD Order and related changes to MCOB, there can be no assurance that such legislation may not give rise to as yet unforeseen impacts on BML's business or on the performance of the Loans. As with any new piece of regulation, further changes or modifications may be introduced or implemented to address perceived shortcomings in such regulation not foreseen at the time of its initial implementation. Any further changes to MCOB or changes in the regulatory framework, may adversely affect the Loans, the Seller and/or the Servicer and their respective businesses and operations (see "*Certain Legal and Regulatory Matters Affecting the Loans and the Notes - Legal and Regulatory Matters Affecting the Loans – FCA mortgage market review*"); and
- (c) the law regarding the CRA is rapidly developing and new regulator guidance and case law as a result of this new legislation is expected and therefore no assurance can be given that any changes in legislation, guidance or case law on unfair terms will not have a material adverse effect on the Seller, the Legal Title Holder, the Issuer and their respective businesses and operations see "*Certain Legal and Regulatory Matters Affecting the Loans and the Notes - Legal and Regulatory Matters Affecting the Loans – Consumer Rights Act 2015*". There can be no assurance that any such changes (including changes in regulators' responsibilities) will not affect the Loans.

#### *English law security and insolvency considerations*

The Issuer will enter into the Deed of Charge pursuant to which it will grant the Security in respect of certain of its obligations, including its obligations under the Notes and Certificates. In certain circumstances, including the occurrence of certain insolvency events in respect of the Issuer, the ability to realise the Security may be delayed and/or the value of the Security impaired. While the transaction structure is designed to minimise the likelihood of the Issuer becoming insolvent, there can be no assurance that the Issuer will not become insolvent and/or the subject of insolvency proceedings and/or that the Noteholders and/or the Certificateholders would not be adversely affected by the application of insolvency laws (including English insolvency laws).



In particular, the ability to realise the Security granted may be delayed if an administrator is appointed or in the context of a company voluntary arrangement in respect of the Issuer. In this regard, it should be noted that:

- (a) in general, an administrator may not be appointed in respect of a company if an administrative receiver is in office. Amendments were made to the Insolvency Act 1986 in September 2003 which restrict the right of the holder of a floating charge to appoint an administrative receiver, unless an exception applies. Significantly, one of the exceptions allows for the appointment of an administrative receiver in relation to certain transactions in the capital markets. While it is anticipated that the requirements of this exception will be met, it should be noted that the Secretary of State for Business, Innovation and Skills may by regulation modify the capital market exception and/or provide that the exception shall cease to have effect; and
- (b) under the Insolvency Act 1986 (as amended by the Insolvency Act 2002), certain "small" companies (which are defined by reference to certain financial and other tests) are entitled to seek protection from their creditors for a limited period for the purposes of putting together a company voluntary arrangement. The position as to whether or not a company is a small company may change from time to time and consequently no assurance can be given that the Issuer will not, at any given time, be determined to be a small company. However, certain companies are excluded from the optional moratorium provisions, including a company which is party to certain transactions in the capital markets and/or which has a liability in excess of a certain amount. While the Issuer should fall within the current exceptions, it should be noted that the Secretary of State for Business, Innovation and Skills may by regulation modify these exceptions.

In addition, it should be noted that, to the extent that the assets of the Issuer are subject only to a floating charge (including any fixed charge recharacterised by the courts as a floating charge), in certain circumstances under the provisions of section 176A of the Insolvency Act 1986, certain floating charge realisations which would otherwise be available to satisfy the claims of secured creditors under the Deed of Charge may be used to satisfy any claims of unsecured creditors. While certain of the covenants given by the Issuer in the Transaction Documents are intended to ensure it has no significant creditors other than the secured creditors under the Deed of Charge, it will be a question of fact as to whether the Issuer has any other such creditors at any time. There can be no assurance that the Noteholders and Certificateholders will not be adversely affected by any such reduction in floating charge realisations upon the enforcement of the Security. (See "*Liquidation Expenses*" below).

#### *Insolvency proceedings and subordination provisions*

There is uncertainty as to the validity and/or enforceability of a provision which (based on contractual and/or trust principles) subordinates certain payment rights of a creditor to the payment rights of other creditors of its counterparty upon the occurrence of insolvency proceedings relating to that creditor. In particular, recent cases have focused on provisions involving the subordination of the Swap Counterparty's payment rights in respect of certain termination payments upon the occurrence of insolvency proceedings or other default on the part of such counterparty. Such provisions are similar in effect to the terms which will be included in the Transaction Documents, including those relating to the Swap Subordinated Amounts.

The UK Supreme Court has recently affirmed that such a subordination provision is valid under English law. Contrary to the determination of the UK Supreme Court, the US Bankruptcy Court recently held that such a subordination provision is unenforceable under US bankruptcy law and that any action to enforce such provision would violate the automatic stay which applies under such law in the case of a US bankruptcy of the counterparty. The implications of this conflicting judgment are not yet known. Like the recent English decision, the US decision may be subject to appeal.

If a creditor of the Issuer (such as the Swap Counterparty) or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales (including, but not limited to, the US), and it is owed a payment by the Issuer, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the English law governed Transaction Documents. Laws may be relevant in certain circumstances with respect to a range of entities, including US established entities and certain non-US established entities with assets or operations in the US (although the scope of any such proceedings may be limited if the relevant non-US entity is a bank with a licensed branch in a US state). In general, if a subordination provision included in the Transaction Documents (such as the subordination of

the Swap Subordinated Amounts) was successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales and any relevant foreign judgment or order was recognised by the English courts, there can be no assurance that such actions would not adversely affect the rights of the Noteholders, the Certificateholders, the market value of the Notes, the Certificates, and/or the ability of the Issuer to satisfy its obligations under the Notes or Certificates.

Lastly, given the general relevance of the issues under discussion in the judgments referred to above and that the Transaction Documents will include terms providing for the subordination of the payments due to certain parties in certain circumstances post-enforcement, there is a risk that the final outcome of the dispute in such judgments (including any recognition action by the English courts) may result in negative rating pressure in respect of the Notes. If any rating assigned to the Notes is lowered, the market value of the Notes may be adversely affected.

#### *Liquidation Expenses*

On 6 April 2008, a provision in the Insolvency Act 1986 came into force which effectively reversed by statute the House of Lords' decision in the case of *Leyland DAF* in 2004. Accordingly, it is now the case that, in general the costs and expenses of a liquidation (including certain tax charges) will be payable out of floating charge assets in priority to the claims of the floating charge-holder. In respect of certain litigation expenses of the liquidator only, this is subject to approval of the amount of such expenses by the floating charge-holder (or, in certain circumstances, the court) pursuant to provisions set out in the Insolvency Rules 1986.

On this basis and as a result of the changes described above, in a winding up of the Issuer, floating charge realisations which would otherwise be available to satisfy the claims of Secured Creditors under the Deed of Charge may be reduced by at least a significant proportion of any liquidation expenses. There can be no assurance that the holders of the Notes and Certificates will not be adversely affected by such a reduction in floating charge realisations.

#### **Tax risks**

Prospective investors in the Notes should consider the tax position of the Issuer and the Notes as described in the section of the Prospectus entitled "*United Kingdom Taxation*" and are advised to seek their own professional advice in relation to such matters.

In particular investors should note that if the Issuer did not fall to be taxed under the special taxation regime for which provision is made by the Tax Regulations as described in "*United Kingdom Taxation*" then its profits or losses for tax purposes might be different from its cash position and there might be a risk of the Issuer incurring unfunded tax liabilities. In addition, the deduction of interest paid on the Notes could be disallowed for United Kingdom corporation tax purposes which could cause a significant divergence between the cash profits and the taxable profits of the Issuer. Any unforeseen taxable profits in the Issuer could have an adverse effect on its ability to make payments to Noteholders.

Additionally in the event that a withholding or deduction for or on account of any taxes is imposed by applicable law in respect of amounts payable under the Notes and Certificates, including in the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes or Certificates (see "*United Kingdom Taxation*"), no person will be required to pay additional amounts as a result of the withholding, neither the Issuer nor the Paying Agent nor any other person is obliged to gross up or otherwise compensate holders of Notes or Certificates for the lesser amounts which they will receive as a result of the imposition of such withholding or deduction.

Following the imposition of such withholding or deduction in respect of the Notes, the Issuer may redeem the Notes subject to the requirements of and in accordance with Notes Condition 5(f) (*Optional Redemption for Taxation or Other Reasons*) if the Issuer has sufficient funds available, thereby shortening the average lives of the Notes (see also "*Risks Related to the Notes – Yield and prepayment considerations*" above).

***The Issuer believes that the risks described above are the principal risks inherent in the transaction for the Noteholders and Certificateholders, but the inability of the Borrowers to pay interest, principal or other amounts on the Loans and consequently the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes and Certificates may occur for other reasons and the Issuer does not represent that the statements above regarding the risks of holding the Notes are***

*exhaustive. Although the Issuer believes that the various structural elements described in this Prospectus lessen some of the risks for the Noteholders and Certificateholders, there can be no assurance that these measures will be sufficient to ensure payment to the Noteholders and Certificateholders of interest, principal or any other amounts on or in connection with the Notes and Certificates on a timely basis or at all.*

## **CERTAIN LEGAL AND REGULATORY MATTERS AFFECTING THE LOANS AND THE NOTES**

The following is an outline of certain aspects of law, regulation and practice in force at the date hereof which are applicable to the Loans and the Notes. It does not purport to be a complete summary of currently applicable law, regulation or practice, and should not therefore be treated as a substitute for professional advice. Prospective Noteholders who are in any doubt as to any matter described in this Prospectus should consult their own professional advisors.

### **Legal and Regulatory Matters Affecting the Loans**

#### *Legal and Tax Matters Associated With Non Owner-Occupied Properties*

Approximately 19.51 per cent. of the aggregate number of the loans (representing 19.33 per cent. of the aggregate Principal Balance of the Loans) in the Provisional Completion Mortgage Pool are secured by non-owner occupied freehold or leasehold properties charged as security for the repayment of a Loan. Upon enforcement of a Mortgage in respect of a Property which is the subject of an existing tenancy, the Servicer (or its replacement or any delegate, as applicable) may not be able to obtain vacant possession of the Property, in which case the Servicer (or its replacement or any delegate, as applicable) will only be able to sell the Property as an investment property with one or more sitting tenants. This may affect the amount which such administrator could realise upon enforcement of the Mortgage and a sale of the Property. However, enforcement procedures in relation to such Mortgages in England and Wales include appointing a receiver of rent, in which case such a receiver must collect any rents payable in respect of the Property and apply them accordingly in payment of any interest and arrears accruing under the Mortgage.

From 1 December 2017, The Private Housing (Tenancies) (Scotland) Act 2016 replaced short assured tenancies in Scotland with a new form of tenancy known as a private residential tenancy which is intended (except in a limited number of exceptions) to provide the tenant with security of tenure by restricting a landlord's ability to regain possession of the property to a number of specific eviction grounds. Accordingly, a lender may not be able to obtain vacant possession if it wishes to enforce its security unless one of the specific eviction grounds applies. One of the grounds on which an eviction order can be sought is that a lender intends to sell the property and requires the tenant to leave the property in order to dispose of it with vacant possession. The effect of this legislation is primarily restricted to any buy-to-let loans secured over Property in Scotland.

The UK Government has passed legislation restricting the amount of income tax relief that individual landlords can claim for residential property finance costs (such as mortgage interest) to the basic rate of tax. Such restriction is being introduced gradually, from 6 April 2017.

The Scotland Act 2016, which came into force on 23 March 2016, conferred on the Scottish Parliament the power to raise or lower the rate of income tax and thresholds for non-dividend and non-savings income of Scottish residents. Since 6 April 2018, higher and additional rates of tax for Scottish taxpayers have both been increased and, in addition, the basic rate of tax has also been split into three tiers (a starter rate, a basic rate and an intermediate rate). The changes mean that certain taxpayers in Scotland will now pay a higher level of tax than borrowers in the same income bracket in England and Wales.

Higher rates of stamp duty land tax ("**SDLT**") may apply in certain circumstances in respect to individual Borrowers. In particular, from 1 April 2016, a higher rate of SDLT has generally been applied on the purchase by an individual of an additional residential property (such as a buy-to-let property). The current additional rate is 3 per cent. above the standard SDLT rate for residential property. An additional rate of 3 per cent. above the standard rate is also generally payable in respect of land transaction tax in Wales and an additional rate of 4 per cent. above land and buildings transaction tax in Scotland is payable on the purchase by an individual of an additional residential property meeting a certain threshold. In addition, a different (and higher) rate of capital gains tax ("**CGT**") applies in respect of a gain realised by an individual on the disposal of a residential property which is not the taxpayer's principal private residence (e.g. a second home or a buy-to-let property) than the rate of CGT that applies in respect of taxable gains realised on the disposal of other assets.

In relation to properties located in England and Wales, the Dwelling Houses (Execution of Possession Orders by Mortgagees) Regulations 2010 came into effect on 1 October 2010 and contain new requirements for creditors to give at least 14 days' notice of their intention to execute a possession order over residential

premises which have been let. Additionally, pursuant to the Mortgage Repossessions (Protection of Tenants etc.) Act 2010, a court could delay execution of possession orders for up to two months on an application by a tenant.

For more information as to the risks specific to the Issuer and/or the holding of the Notes and Certificates arising from Non Owner-Occupied Properties please see "*Risk Factors – Risks related to the Loans – Risk of losses associated with product concentration of Loans*".

#### *Help to Buy Loans*

Approximately 13.7 per cent. of the aggregate number of the Loans (representing 15.88 per cent. of the aggregate Principal Balance of the Loans) in the Provisional Completion Mortgage Pool are Help to Buy Loans. In March 2013, the UK Government announced the "Help to Buy" Scheme involving two separate proposals to assist home buyers in England and Wales. The first involves a shared equity loan made available from 1 April 2013 by the UK Government (through Homes England) to borrowers, for up to 20 per cent. of the property price, for the purchase of new homes. The upper limit for the equity loan was increased, from February 2016, to up to 40 per cent. of the property price for properties in London by the "London Help to Buy Scheme". The shared equity loan provided by the UK Government is secured by way of a second charge mortgage on the relevant property.

Following a sale of a property which benefits from a Help to Buy equity loan, the UK Government (through Homes England) will be repaid a pro rata amount of the disposal proceeds of the property equal to a percentage of the market value equal to the percentage contribution of assistance received (plus interest and charges). In circumstances where the disposal proceeds are insufficient to discharge in full both the Loan and the Help to Buy equity loan secured on the property, the disposal proceeds will be applied to discharge the first ranking legal Mortgage and the remaining proceeds (if any) applied to discharge the Help to Buy equity loan. Any disposal of a property which benefits from a Help to Buy equity loan (including following an enforcement of a Help to Buy Loan), will require the consent of Homes England which may result in a delay to the enforcement of the relevant Mortgage.

The second "Help to Buy" Scheme involves a guarantee provided by the UK Government for loans made to borrowers allowing up to a 95 per cent. loan to value ratio. The guarantee loans were available from 1 October 2013 (each of the loans under this scheme, a Help to Buy Loan). Equivalent Help to Buy schemes were introduced in Scotland by the Scottish Government. No Loans in the Mortgage Pool benefit from any guarantee provided under the Help to Buy Scheme or the equivalent Scottish schemes.

For more information as to the risks specific to the Issuer and/or holding of the Notes and Certificates arising from Help to Buy Loans please see "*Risk Factors – Risks related to the Loans – Risk of losses associated with product concentration of Loans*".

#### *Mortgages regulated under the Financial Services and Markets Act 2000 (the "FSMA")*

Since 31 October 2004 (the date known as "N(M)"), most first-charge residential mortgage businesses in the United Kingdom have been regulated under the FSMA and brought within the jurisdiction of the Ombudsman. This regulatory power has been exercised by the FCA as of 1 April 2013 when the Financial Services Act 2012 came into force and replaced the FSA with the Prudential Regulation Authority (the "**Prudential Regulation Authority**" or "**PRA**"), which is responsible for prudential regulation of financial institutions that manage significant risks on their balance sheets, and the FCA, which is responsible for conduct of business. Prior to that date this power was exercised by the previous regulator, the FSA. Entering into, arranging, advising on and administering Regulated Mortgage Contracts (including arranging and advising on variations to such contracts), and agreeing to do any of these things, are (subject to applicable exemptions) regulated activities under the FSMA requiring authorisation and permission from the FCA.

Prior to 21 March 2016, a credit agreement was a "Regulated Mortgage Contract" if it was originated on or after N(M), or originated prior to N(M) but was varied on or after N(M) such that a new contract was entered into, and if at the time the contract was entered into: (a) the borrower was an individual or trustee; (b) the contract provided for the obligation of the borrower to repay to be secured by a first legal mortgage or charge or (in Scotland) a first ranking standard security on land (other than timeshare accommodation) in the United Kingdom; and (c) at least 40 per cent. of that land was used, or was intended to be used, as or in connection with any dwelling by the borrower or (in the case of credit provided to trustees) by an

individual who was a beneficiary of the trust, or by a related person (broadly, the person's spouse, near relative or a person with whom the person has a relationship which is characteristic of a spouse).

Any person carrying out a regulated activity must either be authorised by the FCA, with specific permission required from the FCA to engage in the activity or be exempted from such authorisation. The specified activities currently are: (a) entering into a Regulated Mortgage Contract as lender; (b) administering a Regulated Mortgage Contract ("administering" in this context broadly means notifying borrowers of changes in mortgage payments and/or collecting payments due under the Loan); (c) advising in respect of Regulated Mortgage Contracts; and (d) arranging in respect of Regulated Mortgage Contracts. Agreeing to carry on any of these activities is also a regulated activity. If requirements as to authorisation of lenders and brokers are not complied with, a Regulated Mortgage Contract will be unenforceable against the borrower except with the approval of a court and the unauthorised person may commit a criminal offence. An unauthorised person who carries on the regulated mortgage activity of administering a Regulated Mortgage Contract that has been validly entered into may commit an offence, although this will not render the contract unenforceable against the borrower. The regime under the FSMA regulating financial promotions covers the content and manner of promotion of agreements relating to qualifying credit and by whom such promotions can be issued or approved. In this respect, the FSMA regime not only covers financial promotions of Regulated Mortgage Contracts but also promotions of certain other types of secured credit agreements under which the lender is a person who carries on the regulated activity of entering into a Regulated Mortgage Contract. Failure to comply with the financial promotions regime (as regards by whom promotions can be issued or approved) is a criminal offence and will render the Regulated Mortgage Contract or other secured credit agreement in question unenforceable against the borrower except with the approval of a court.

Any credit agreement intended to be a Regulated Mortgage Contract under the FSMA might instead be wholly or partly regulated by the CCA or treated as such, or unregulated, and any credit agreement intended to be regulated by the CCA or treated as such, or unregulated, might instead be a Regulated Mortgage Contract under the FSMA, because of technical rules on: (a) determining whether the credit agreement or any part of it falls within the definition of "a Regulated Mortgage Contract"; (b) changes to credit agreements; and (c) changes to the definition of "Regulated Mortgage Contract" introduced in connection with EU initiatives on Mortgage Credit. Please see the sections on Consumer Credit Acts 1974 and 2006 and EU initiatives on Mortgage Credit below.

An unauthorised person may arrange for an authorised person to administer its Regulated Mortgage Contracts but, if that arrangement comes to an end, that unauthorised person may commit an offence if it administers the Regulated Mortgage Contracts for more than one month after the end of the arrangement, although this will not render the contract unenforceable against the borrower.

BML holds authorisation and permission to enter into and to administer Regulated Mortgage Contracts. Subject to any exemption, brokers are required to hold authorisation and permission to arrange and to advise on Regulated Mortgage Contracts.

The Issuer is not and does not propose to be an authorised person under the FSMA. The Issuer does not require authorisation in order to acquire legal or beneficial title to a Regulated Mortgage Contract. The Issuer does not carry on the regulated activity of administering in relation to Regulated Mortgage Contracts by having them administered pursuant to an administration agreement by an entity having the required FCA authorisation and permission. If such administration agreement terminates or the appointment of an administrator thereunder is terminated, however, the Issuer will have a period of not more than one month in which to arrange for mortgage administration to be carried out by a replacement administrator having the required FCA authorisation and permission. In addition, no variation is permitted to be made to a Loan and no further advance or product switch is permitted to be made in relation to a Loan where it would result in the Issuer arranging or advising in respect of, administering (servicing) or entering into a Regulated Mortgage Contract or agreeing to carry on any of these activities, if the Issuer would be required to be authorised under the FSMA to do so.

Given that the Issuer will not itself be an authorised person under the FSMA, in the event that an agreement for a Loan is varied, such that a new contract is entered into and that contract constitutes a Regulated Mortgage Contract then the arrangement of, advice on, administration of and entering into of such variation would need to be carried out by an entity such as the Legal Title Holder or the Servicer having the required FCA authorisation and permission.

If requirements as to authorisation of lenders and brokers, or as to the issue and approval of advertisements in respect of credit secured on land, are not complied with, a Regulated Mortgage Contract (or other credit secured on land, in the case of requirements as to the issue and approval of advertisements) would be unenforceable against a borrower except with the approval of a court. A Borrower may be entitled to claim damages for loss suffered as a result of any contravention of an FCA rule by an authorised person. In the case of such contravention by the Originator, the Borrower may claim such damages against the Originator, or set-off the amount of such claim against the amount owing by the Borrower under the Loan or any other loan agreement that the Borrower has taken with the Originator. Any such claim or set-off may adversely affect the ability of the Issuer to make payments to the Noteholders. An unauthorised person who administers a Regulated Mortgage Contract entered into on or after N(M) may commit a criminal offence, but this will not render the Regulated Mortgage Contract unenforceable against the borrower.

MCOB sets out the FCA's rules for regulated mortgage activities. These rules came into force on 31 October 2004, under the handbook of the previous regulator, the FSA. Since 1 April 2013, these rules are located in the FCA's handbook. These rules cover, among other things, certain pre-origination matters such as financial promotion and pre-application illustrations, pre-contract and start-of-contract and post-contract disclosure, contract changes, charges and arrears and repossessions.

Failure to comply with the provisions of MCOB will not necessarily render Regulated Mortgage Contracts unenforceable. However, breaches of the rules in MCOB are actionable by borrowers who suffer loss as a result of the contravention. A breach could therefore give rise to a claim by a borrower to set-off sums due under a Regulated Mortgage Contract. Any such set-off in relation to a Loan in the Mortgage Pool may adversely affect the Issuer's ability to make payments on the Notes.

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

The Issuer understands that all Loans were originated on or after N(M). All Loans originated on or after N(M) but before 21 March 2016 were intended to be Regulated Mortgage Contracts under the FSMA.

So as to avoid dual regulation, it is intended that Regulated Mortgage Contracts will not be regulated by the CCA. Regulations made in 2005 and 2008 under the FSMA are designed to clarify the position in this regard. This exemption only affects credit agreements made on or after N(M) and credit agreements made before N(M) but subsequently changed such that a new contract is entered into on or after N(M) and constitutes a separate Regulated Mortgage Contract. A court order under Section 126 of the CCA is, however, necessary to enforce a land mortgage (including, in Scotland, a standard security) securing a Regulated Mortgage Contract to the extent that the credit agreement would, apart from the exemption referred to above, be regulated by the CCA or treated as such.

Credit agreements that were entered into before N(M), but are subsequently changed such that a new contract is entered into on or after N(M), are regulated under FSMA where they fall within the definition of "Regulated Mortgage Contract".

In June 2010 the previous regulator, the FSA, made changes to MCOB which effectively converted previous guidance on the policies and procedures to be applied by authorised firms with respect to forbearance in the context of Regulated Mortgage Contracts into formal mandatory rules. Under the new rules, a firm is restricted from repossessing a property unless all other reasonable attempts to resolve the position have failed and, in complying with such restriction, a firm is required to consider whether, given the relevant borrower's circumstances, it is appropriate to take certain actions. Such actions refer to (amongst other things) the extension of the term of the mortgage, product type changes and deferral of interest payments. These new rules are currently in effect under the FCA's MCOB sourcebook. While the FSA had previously indicated that it does not expect each forbearance option referred to in the new rules to be explored at every stage of interaction with the borrower, it is clear that the new rules impose mandatory obligations on firms without regard to any relevant contractual obligations or restrictions. These rules are currently effective under the FCA handbook. As a result, the new rules may operate in certain circumstances to require BML to take certain forbearance-related actions which do not comply with the Transaction Documents (and, in particular, the asset servicing arrangements contemplated by such Transaction Documents) in respect of one or more Loans and the Transaction Documents will provide that BML will incur no liability as a result thereof.

On 10 June 2016 the FCA published their consultation paper, CP16/16, which considers how mortgage administrators will deal with customers experiencing a payment shortfall. CP16/16 proposes changes to how payments are allocated and is likely to result in amendments to MCOB Chapter 12. The consultation closed on 10 August 2016.

The FCA has the power to render unenforceable contracts made in contravention of its product intervention rules. Section 137D of the FSMA permits the FCA to make temporary product intervention rules ("TPIRs") prohibiting authorised persons from taking a number of actions, including entering into specified contracts with any person or with a specified person. The FCA is normally obliged to consult the public and prepare a cost-benefit analysis before making any rules but the TPIRs are an exemption to this requirement which allow the FCA to make rules without consultation, if it considers that it is necessary or expedient to do so. TPIRs are intended to offer protection to consumers in the short term whilst either the FCA or the industry develop more permanent solutions and, in any event, are limited to a maximum duration of 12 months. In relation to agreements entered into in breach of a TPIR, the FCA's rules may provide: (a) for the relevant agreement or obligation to be unenforceable (although any unenforceability provision would only apply to sales made after the introduction of the rules); (b) for the recovery of any money or other property paid or transferred under the agreement; or (c) provide for the payment of compensation for any loss sustained under the relevant agreement or obligation.

In March 2013 the FSA published a policy statement "The FCA's use of temporary product intervention rules" following a consultation addressing when and how the FCA will consider making TPIRs. The FCA will consider making TPIRs where it identifies a risk of consumer detriment arising from a product or practice and will make the rules if it deems prompt action is necessary to reduce or prevent that detriment. In particular, the FCA will consider factors such as the potential scale of detriment in the market and potential scale of detriment to individual customers, whether particular groups of customers (especially vulnerable customer groups) are more likely to suffer detriment, the market context and whether the use of TPIRs will have any unintended consequences. The FCA's rules on TPIRs are included in the Product Intervention and Product Governance Sourcebook which came into force on 3 January 2018. This was introduced to implement product governance requirements under MiFID II (2014/65/ED).

Changes to UK and EU mortgage regulation, particularly as a result of the MCD (as defined below) may affect the Mortgage Pool, the Seller, the Legal Title Holder, the Issuer and/or the Servicer and their respective businesses and operations.

For more information as to the risks specific to the Issuer and/or holding of the Notes and Certificates arising from the regulation of the Mortgages under FSMA please see "*Risk Factors – Regulatory and legal risks – Legal risks associated with the Loans, the Notes and the Transaction Documents*".

#### *Financial Ombudsman Service*

Under the FSMA, the Ombudsman is required to make decisions on, inter alia, complaints relating to activities and transactions under its jurisdiction on the basis of what, in the Ombudsman's opinion, would be fair and reasonable in all the circumstances of the case, taking into account, inter alia, law and guidance. Transitional provisions exist by which certain complaints relating to breach before N(M) of the then applicable industry code may be dealt with by the Ombudsman. Complaints brought before the Ombudsman for consideration must be decided on a case-by-case basis, with reference to the particular facts of any individual case. Each case would first be adjudicated by an adjudicator. Either party to the case may appeal against the adjudication. In the event of an appeal, the case proceeds to a final decision by the Ombudsman.

As the Ombudsman is required to make decisions based on, inter alia, the principles of fairness and may order a money award to the borrower it is not possible to predict how any future decision of the Ombudsman could affect the ability of the Issuer to make payments to the Noteholders.

#### *Enforcement*

In order to realise its security in respect of a Property, the relevant mortgagee or, in Scotland, heritable creditor (be it the legal owner (the Legal Title Holder), the beneficial owner (the Issuer) or the Trustee or its appointee (if the Trustee has taken enforcement action against the Issuer)) will need to obtain possession. In England and Wales, there are two means of obtaining possession for this purpose: first, by taking physical possession (seldom done in practice) and secondly, by applying for, obtaining and enforcing a court order.



The court has a very wide discretion and may adopt a sympathetic attitude towards a Borrower at risk of eviction. If a possession order in favour of the relevant mortgagee is granted, it may be suspended to allow the Borrower more time to pay. Once possession of the Property has been obtained, the relevant mortgagee has a duty to the Borrower to take reasonable care to obtain a proper price for the Property. Any failure to do so will put the relevant mortgagee at risk of an action for breach of such duty by the Borrower, although it is for the Borrower to prove breach of such duty. There is also a risk that a Borrower may also take court action to force the relevant mortgagee to sell the Property within a reasonable time.

If a mortgagee takes physical possession it will, as mortgagee in possession, have an obligation to account to the Borrower for the income obtained from the Property, be liable for any damage to the Property, have a limited liability to repair the Property and, in certain circumstances, may be obliged to make improvements or may incur certain financial liabilities in respect of the Property. Actions for possession are regulated by statute and the courts have certain powers to adjourn possession proceedings, to stay any possession order or postpone the date for delivery of possession. The court will exercise such powers in favour of a Borrower, broadly, where it appears to the court that such Borrower is likely to be able, within a reasonable period, to pay any sums due under the Mortgage or to remedy any default consisting of a breach of any other obligation arising under or by virtue of the Mortgage.

The courts in Scotland formerly had considerably less discretion than those in England and Wales to modify or postpone the heritable creditor's (the Scottish equivalent of mortgagee) rights of enforcement but as a result of legislative changes in Scotland the position is now broadly equivalent in each jurisdiction (see "*Scottish Loans*" below).

Proceedings for the repossession and/or sale of the relevant property are generally initiated between three and four months after the first default of a scheduled monthly payment.

The Trustee has the absolute discretion, at any time, to refrain from taking any action under the Trust Deed or the Deed of Charge or any of the Transaction Documents including becoming a mortgagee or heritable creditor in possession in respect of any property contained within the Mortgage Pool, unless it is satisfied at that time that it is indemnified and/or secured and/or pre-funded to its satisfaction against any liability which it may incur by so acting.

For more information as to the risks specific to the Issuer and/or holding of the Notes and Certificates relating to the realisation of security in respect of a Property please see "*Risk Factors – Regulatory and legal risks – Legal risks associated with the Loans, the Notes and the Transaction Documents*".

#### *Responsible Lending and Dealing with Customers in Arrears*

Lenders regulated by the FSMA are subject to "responsible lending" requirements in relation to Regulated Mortgage Contracts. They are obliged 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 a contract). They must also put in place, and operate in accordance with, a written responsible lending policy.

Lenders regulated by the FSMA are subject to rules on treating customers in arrears fairly, including after the sale of repossessed property.

#### *Consultation Paper on the power of sale and residential property*

On 29 December 2009, the Ministry of Justice of the United Kingdom published a consultation paper (entitled "Mortgages: power of sale and residential property" (CP55/09)) which contains proposals to amend the law to prevent mortgagees from selling residential properties in England and Wales without a court order or the consent of the borrower. It is not known if, and to what extent, these proposals will be enacted in the future as a matter of law. If the proposals are enacted, the ability of the mortgagee to exercise its power of sale in relation to the English Mortgages may be restricted.

For more information as to the risks specific to the Issuer and/or holding of the Notes and Certificates arising from such proposals please see "*Risk Factors – Regulatory and legal risks – Legal risks associated with the Loans, the Notes and the Transaction Documents*".

### *FCA mortgage market review*

In January 2011, HM Treasury announced proposals to enhance consumer protection in the mortgage market. Regulations have been drafted to provide for consumer protection when a mortgage book is sold by a regulated mortgage lender to an unregulated entity. In this regard, it is proposed that the definition of the regulated activity of administering a Regulated Mortgage Contract will be expanded so that any entity which exercises specified rights in relation to Regulated Mortgage Contracts, such as changing interest rates or taking action to repossess a property against a borrower, will be required to be authorised and regulated under the FSMA.

In December 2011, the FSA published a consultation paper that consolidates proposals arising out of its wide-ranging mortgage market review, which was launched in October 2009 to consider strengthening rules and guidance on, inter alia, affordability assessments, product regulation, arrears charges and responsible lending. The FSA's aim was to ensure the continued provision of mortgage credit for the majority of borrowers who can afford the financial commitment of a mortgage, while preventing a re-emergence of poor lending practices as the supply of mortgage credit in the market recovers. In October 2012, the FSA published a feedback statement and final rules that generally came into force on 26 April 2014 with transitional arrangements where, among other things, the borrower does not take on additional borrowing. These rules have, for example, imposed more stringent requirements on lenders to assess the affordability of a loan made to a borrower, to verify the income of a borrower and (in the case of interest-only loans) to ensure that the borrower has a credible strategy to repay the capital borrowed, as well as undertaking stress tests to ensure that mortgages remain affordable when interest rates increase. For interest-only mortgages, lenders must check that borrowers have a credible plan to repay the capital at the end of the loan. There are also changes to disclosure requirements (the initial disclosure document is replaced with a requirement for firms to disclose key messages to customers), arrears management and the sales process.

The FCA started to track firms' progress towards implementation of the mortgage market review from the second quarter of 2013, and mortgages entered into on or after 26 April 2014 must comply with these new rules. These new rules will apply to a Loan where (a) it is entered into on or after 26 April 2014; or (b) where it is varied so as to increase the principal amount outstanding under the relevant Loan (e.g. by way of further advance) on or after 26 April 2014 and MCOB applies to the Loan generally as a regulated mortgage contract (as to which see "*Mortgages regulated under the Financial Services and Markets Act 2000 (the "FSMA")*" above). To the extent that further advances are made which constitute new loans, or a loan is varied and in so doing a new loan is created under the new terms and such loans are regulated mortgage contracts, then these new rules would apply. To the extent that the new rules do apply to any of the Loans, failure to comply with these rules may entitle a Borrower to claim damages for loss suffered or set-off the amount of the claim against the amount owing under the Loan. Any such claim or set-off may adversely affect the Issuer's ability to make payment on the Notes and Certificates.

The FCA also published its Thematic Review (TR18/1) in January 2018 on the fair treatment of existing interest-only mortgage customers. The FCA found that all lenders in the sample had made progress in the fair treatment of interest-only customers and the potential harm caused by non-repayment at maturity was reduced. The FCA will now continue to monitor the risk in this area through their regulatory data and market intelligence.

A further study was launched on areas where competition can potentially be improved for the benefit of customers. The final report (Mortgages Market Study MS16/2.3) was published in March 2019. The FCA found that there are some borrowers on a high reversionary rate who do not or cannot switch to a more affordable mortgage. The FCA published a consultation paper (CP19/14) in March 2019 which sets out detailed proposals to remove regulatory barriers to switching mortgages, with such consultation closing in June 2019 and a policy statement due to be published by the end of 2019.

For more information as to the risks specific to the Issuer and/or holding of the Notes and Certificates arising from FCA mortgage market review please see "*Risk Factors – Regulatory and legal risks – Legal risks associated with the Loans, the Notes and the Transaction Documents*".

### *EU initiatives on Mortgage Credit*

On 21 March 2016, Member States were required to implement the MCD, which was published in the Official Journal of the European Union on 28 February 2014, and entered into force on 21 March 2014.

The MCD applies to: (a) credit agreements secured by a mortgage or comparable security commonly used in a Member State on residential immovable property, or secured by a right relating to residential immovable property and (b) credit agreements the purpose of which is to purchase or retain rights in land or in an existing or proposed residential building, and also extends the Consumer Credit Directive to unsecured credit agreements the purpose of which is to renovate residential immovable property involving a maximum total amount of credit of EUR 75,000. The MCD does not apply to certain equity release credit agreements to be repaid from the sale proceeds of an immovable property, or to certain credit granted by an employer to its employees.

The MCD requires (among other things): standard information in advertising; standard pre-contractual information; adequate explanations to the borrower on the proposed credit agreement and any ancillary service; calculation of the annual percentage rate of charge in accordance with a prescribed formula; assessment of creditworthiness of the borrower; and a right of the borrower to make early repayment of the credit agreement. The MCD also imposes prudential and supervisory requirements for credit intermediaries and non-bank lenders.

The UK Government and the FCA have consulted on the transposition and implementation of the directive. In September 2014 the UK Government published a consultation paper on the transposition of the directive together with a draft impact assessment and draft Mortgage Credit Directive Order 2015.

The draft Order contains amendments to legislation including FSMA, CCA and the RAO. The final text of the draft Order together with a draft explanatory memorandum and draft transposition table, was published on legislation.gov.uk on 28 January 2015. The FCA also published a cost benefit analysis, prepared by KPMG LLP of the policy proposals for second charge lending.

The UK Government has sought to put in place what it has described as the minimum requirements to meet its legal obligations under the MCD in respect of buy-to-let mortgages. The UK Government has, accordingly, made use of an optional exemption in the MCD which allows Member States, in their discretion, to exclude buy-to-let credit agreements from the main requirements of the MCD. Member States utilising such exemption must, instead, ensure the application of an appropriate framework at a national level for this type of credit.

On 25 March 2015 the MCD Order was passed in order to make the necessary legislative changes to implement the MCD. In outline, the MCD Order: (a) puts in place a new regulatory regime for consumer buy-to-let mortgages ("**CBTL Mortgages**"); (b) widens the definition of a Regulated Mortgage Contract to include second mortgages; and (c) transfers the regulation of some existing agreements (e.g. second mortgages) from the consumer credit regime to the regulated mortgage contract regime. The MCD Order took effect for most purposes on 21 March 2016, although it was amended on 16 March 2016 by the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2016 (SI 2016/392) to apply to agreements dating from before 21 March 2016 in certain circumstances.

On 22 July 2015, the Mortgage Credit Directive (Amendment) Order 2015 (the "**MCD (Amendment) Order**") was published. Articles 1 and 2 of the MCD Amendment Order came into force on 20 September 2015. Article 3 came into force on 21 March 2016. The MCD (Amendment) Order: (a) provides that the availability of a transitional arrangement for new loans secured by a second or subsequent mortgage is determined at the first contact with a customer, whether that contact is made by a mortgage lender or an intermediary; and (b) clarifies the regulatory status of a small number of existing buy-to-let mortgages.

In parallel, the FCA consulted on the implementation of this new framework, making its Mortgage Credit Directive Instrument 2015, also on 25 March 2015. The legislation came into force on 21 March 2016, creating a new distinction between CBTL Mortgages and buy-to-let mortgage agreements wholly or predominantly for the purposes of a business carried on, or intended to be carried on, by the borrower ("**Unregulated BTL Agreements**"). The legislation sets out a series of circumstances which would indicate a buy-to-let customer is acting by way of business. The UK Treasury has stated that they would expect CBTL activity to represent a small proportion of total buy-to-let transactions. A firm acting as a lender, administrator, intermediary, arranger or carrying out advisory services in relation to CBTL Mortgages must be registered with the FCA and will be subject to conduct of business rules in respect of both the origination and servicing of CBTL Mortgages. The Originator and the Servicer will be subject to the conduct of business rules in respect of any CBTL Mortgages in the mortgage portfolios.

On 27 March 2015 the FCA published their Policy Statement PS 15/9, which contains the final text of the Handbook material giving effect to the MCD. This Handbook material contains extensive changes to MCOB. Lenders had the option to elect to apply these new requirements from 21 December 2015 onwards, but they became mandatory from 21 March 2016. In addition, on 5 June 2015 the FCA published an additional policy statement, PS 15/11, making further handbook changes to give effect to the MCD.

During the period leading up to the coming into force of the MCD Order, BML undertook an MCD implementation process. The documents, policies and processes of BML have been updated to reflect the requirements of the MCD Order, the changes to MCOB and the extension of MCOB regime to Loans that were previously regulated under the CCA regime. BML is registered as a CBTL firm with the FCA and is permitted to act as a lender, administrator and arranger of residential mortgage loans, including CBTLs. BML believes that the implementation and coming into effect of the MCD Order (and the changes to MCOB it has effected) have not had a material impact on the business of BML.

For more information as to the risks specific to the Issuer and/or holding of the Notes and Certificates arising from the MCD please see "*Risk Factors – Regulatory and legal risks – Legal risks associated with the Loans, the Notes and the Transaction Documents*".

#### *Consumer Credit Acts 1974 and 2006*

Certain lending in the United Kingdom is regulated by the CCA. The regulator for credit agreements regulated by the CCA was the OFT before 1 April 2014, which issued licences and guidance on conduct of business under the CCA, and is the FCA from 1 April 2014, which issues authorisation and permission and rules and guidance on conduct of business under the FSMA. The FCA is also the regulator for Regulated Mortgage Contracts under the FSMA. The licensing regime under the CCA is different from, and additional to, the regime for authorisation under the FSMA.

A credit agreement is regulated by the CCA where: (a) the borrower is or includes an "individual" as defined in the CCA; (b) if the credit agreement was made before the financial limit was removed, the amount of "credit" as defined in the CCA does not exceed the financial limit of £25,000 for credit agreements made on or after 1 May 1998 or lower amounts for credit agreements made before that date; and (c) the credit agreement is not an exempt agreement under the CCA (for example, it is intended that a Regulated Mortgage Contract under the FSMA is an exempt agreement under the CCA).

There is a risk that any credit agreement intended to be a Regulated Mortgage Contract under the FSMA might instead be wholly or partly regulated by the CCA or treated as such, or unregulated and any credit agreement intended to be regulated by the CCA or treated as such or unregulated might instead be a Regulated Mortgage Contract, because of technical rules on (A) determining whether any credit under the CCA arises or whether any applicable financial limit of the CCA is exceeded, (B) the credit agreement is exempt under the CCA and (C) changes to credit agreements.

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

- (a) without an order of the OFT, if the lender or any broker does not hold the required licence at the relevant time;
- (b) totally, if the credit agreement was made before 6 April 2007 and if the form to be signed by the borrower was not signed by the borrower personally or omits or mis-states a "prescribed term"; or
- (c) without a court order in other cases and, in exercising its discretion whether to make the order, the court would take into account any prejudice suffered by the borrower and any culpability by the lender.

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

Under Section 75 of the CCA, in certain circumstances the lender is liable to the borrower in relation to misrepresentation and breach of contract by a supplier in a transaction financed by a credit agreement that is wholly or partly regulated by the CCA or treated as such. In addition, a borrower who is a private person may be entitled to claim damages for loss suffered as a result of any contravention by an authorised person of a rule under the FSMA. From 1 April 2014, such rules include rules in CONC. The borrower may set-off the amount of the claim against the lender under section 75 of the CCA, or for contravention of CONC, against the amount owing by the borrower under the loan or under any other loan that the borrower has taken with the lender. Any such set-off in relation to a Loan in the Mortgage Pool may adversely affect the Issuer's ability to make payments on the Notes and Certificates.

The Consumer Credit Act 2006 (the "**CCA 2006**"), which amends and updates the Consumer Credit Act 1974, was fully implemented by 31 October 2008.

Under the CCA 2006, the "extortionate credit" regime is replaced by an "unfair relationship" test. The unfair relationship test applies to all existing and new credit agreements except Regulated Mortgage Contracts under the FSMA. The unfair relationship test explicitly imposes liability to repay amounts received from a borrower on both the originator and any assignee such as the Issuer. In applying the unfair relationship test, the courts will be able to consider a wider range of circumstances surrounding the transaction, including the creditor's conduct before and after making the agreement. There is no statutory definition of the word "unfair", as the intention is for the test to be flexible and subject to judicial discretion. However, the word "unfair" is not an unfamiliar term in United Kingdom legislation, due to the Unfair Contract Terms Act 1977, and the UTCCR. The courts may, but are not obliged to, look solely to the CCA 2006 for guidance. The principle of "treating customers fairly" under the FSMA, and guidance published by the FSA and, as of 1 April 2013, the FCA on that principle and by the OFT on the unfair relationship test may also be relevant. Once the borrower alleges that an unfair relationship exists, then the burden of proof is on the creditor to prove the contrary.

If a mortgage loan subject to the unfair relationship test is found to be unfair, the court may require the creditor to repay sums to the debtor, to do, not do or cease doing anything in relation to the agreement, reduce or discharge any sums payable by the debtor or surety, return to a surety any security provided by him, alter the terms of the agreement, direct accounts to be taken or otherwise set aside any duty imposed on the debtor or surety. The term creditor as defined under section 189 of the CCA means the person providing the credit under a consumer credit agreement or the person to whom his rights and duties under the agreement have passed by assignment or operation of law.

An alternative dispute resolution scheme for consumer credit matters is run by the Ombudsman (as described below) and was established on 6 April 2007. The scheme is mandatory for all businesses licensed under the CCA. The OFT is given far broader powers under the CCA 2006 from 6 April 2008. For example, it can apply civil penalties, has far greater powers of investigation and can issue indefinite standard licences. For appeals against such decisions by the OFT, the CCA 2006 introduced an independent Consumer Credit Appeals Tribunal, whose functions were transferred to the General Regulatory Chamber on 1 September 2009.

To the extent that the credit agreement is regulated by the CCA or treated as such, it is unenforceable for any period when the lender fails to comply with requirements as to default notices. From 1 October 2008; (a) the credit agreement is also unenforceable for any period when the lender fails to comply with further requirements as to annual statements and arrears notices; (b) the borrower will not be liable to pay interest or, in certain cases, default fees for any period when the lender fails to comply with further requirements as to post-contract disclosure; and (c) interest upon default fees will be restricted to nil until the twenty-ninth day after the day on which a prescribed notice is given and then to simple interest (i.e. interest may only be calculated on the principal amount of the defaulted loan). Charges payable on any early repayment in full are restricted by a formula under the CCA, which applies to the extent that the credit agreement is regulated by the CCA or treated as such. A more restrictive formula applies to credit agreements made on or after 31 May 2005, and applies retrospectively to all existing credit agreements from 31 May 2007 or 31 May 2010 depending on their term.

Early repayment charges are restricted by a formula under the CCA, which applies to the extent that the credit agreement is regulated by the CCA or treated as such. A more restrictive formula applies generally to all such credit agreements made on or after 11 June 2010.

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

#### *Consumer Credit Directive 2008*

In April 2008, the European Parliament and the Council adopted the Consumer Credit Directive, which provides that, subject to exemptions; loans not exceeding €75,000 will be regulated. This Directive repealed and replaced the first consumer credit Directive and required Member States to implement the Directive by measures coming into force by 11 June 2010, although the UK Government announced in February 2010 that implementation of the Consumer Credit Directive in the United Kingdom would be delayed. The Consumer Credit Directive came into effect in the United Kingdom on 1 February 2011.

*Loans secured by a mortgage over land are, however, exempted from the Consumer Credit Directive.*

In the event that any of the Loans are not secured by a land mortgage (including, in Scotland, a standard security), there is a risk that they will be wholly or partly regulated by the Consumer Credit Directive or treated as such. This may adversely affect the ability of the Issuer to make payments in full when due on the Notes and Certificates.

#### *Mortgage repossession*

A protocol for mortgage repossession cases in England and Wales came into force on 19 November 2008, which sets out the steps that judges will expect any lender to take before starting a claim. A number of mortgage lenders, including the Seller, have confirmed that they will delay the initiation of repossession action for at least three months after a borrower who is an owner-occupier is in arrears. The application of such moratorium may be subject to the wishes of the relevant borrower and may not apply in cases of fraud. The Mortgage Repossessions (Protection of Tenants etc.) Act 2010 came into force on 1 October 2010. This Act gives courts in England and Wales the same power to postpone and suspend repossession for up to two months on application by an unauthorised tenant (i.e. a tenant in possession without the lender's consent) as generally exists on application by an authorised tenant. The lender has to serve notice at the property before enforcing a possession order.

This protocol and this Act may have adverse effects in markets experiencing above average levels of repossession claims. Delays in the initiation of responsive action in respect of the Loans may result in lower recoveries and may adversely affect the ability of the Issuer to make payments to Noteholders.

A further Pre-Action Protocol for Debt Claims (the "**Protocol**") came into force on 1 October 2017 and applies to any business when claiming payment of a debt from an individual. The Protocol encourages early and reasonable engagement between parties and aims to allow parties to resolve the matter without the need to start court proceedings. Such out of court proceedings would include discussing a reasonable payment plan or considering the use of Alternative Dispute Resolution.

For more information as to the risks specific to the Issuer and/or holding of the Notes and Certificates arising from Mortgage repossession please see "*Risk Factors – Regulatory and legal risks – Legal risks associated with the Loans, the Notes and the Transaction Documents*".

#### *Scottish Loans*

Scottish Loans are secured over the relevant Properties by way of standard security (the equivalent to a legal charge in England and Wales), being the only means of creating a fixed charge or security over heritable or long leasehold property (i.e. land and buildings thereon) in Scotland. The beneficial interest in the Scottish Loans (together with the security thereof) will be transferred to the Issuer pursuant to the Scottish Declarations of Trust granted by the Legal Title Holder. In respect of Scottish Loans, references herein to a "mortgage" and a "mortgagee" are to be read as references to such a standard security and the heritable creditor thereunder, respectively.

A statutory set of "Standard Conditions" is automatically imported into all standard securities although the majority of these conditions may be varied by agreement between the parties. Most lenders in the residential mortgage market vary the Standard Conditions by a "Deed of Variations", 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 enforcement. The enforcement of standard securities is principally governed by the Conveyancing & Feudal Reform (Scotland) Act 1970 (the "**1970 Act**") as amended by the Home Owner & Debtor Protection (Scotland) Act 2010 (the "**2010 Act**"), which was passed by the Scottish Parliament and the relevant provisions of which came into effect on 30 September 2010. While, as in England and Wales, it is in principle possible for a lender to enforce without making application to the court if the borrower voluntarily vacates the property, the statutory requirements imposed on the lender in such cases are onerous and as a consequence court proceedings are in practice almost invariably required.

As a preliminary step the lender must in all cases serve a "calling up notice" requiring repayment of the principal debt and all interest due, with which the borrower has two months to comply. Once the two months' notice has expired without payment the lender may apply to the court for a decree against the borrower enabling the lender to exercise the relevant enforcement remedies, being principally the sale of the property or entering into possession.

Court application can only be made when certain pre-action requirements imposed by the 2010 Act have been met. These requirements are similar to those of the Protocol applicable in England and Wales (see "*Mortgage repossession*" above) and require the lender to provide the borrower with various information and to make reasonable efforts to agree repayment proposals with the borrower. In particular, a court application cannot proceed while the borrower is taking steps which are likely to result in repayment of the debt within a reasonable time. The court will not grant decree unless satisfied that the lender has complied with the pre-action requirements and that it is reasonable in the circumstances to do so (and the 2010 Act specifies various factors to be taken into account by the court in assessing reasonableness in this context).

A key difference between the Scottish and English provisions is that in Scotland the lender's application may be contested by an "Entitled Resident" as well as by, and on the same grounds as, the borrower. The definition of "Entitled Resident" is complex but essentially includes anyone resident in the secured property who is or has been a spouse, civil partner or co-habitant of the borrower (but does not include tenants or members of the borrower's family).

The court decree, once granted, entitles the lender if necessary to evict the borrower and to proceed either to sell the property or itself take possession of it. Sale may be by private bargain or public auction and the lender is under a duty to advertise the sale and to take steps to ensure that the sale price is the best which can reasonably be obtained.

For more information as to the risks specific to the Issuer and/or holding of the Notes and Certificates arising in relation to the repossession of Scottish Loans please see "*Risk Factors – Risks Related to Loans – Scottish Loans*".

#### *Consumer Rights Act 2015*

The CRA came into force on 1 October 2015 and applies to agreements made on or after that date. The CRA significantly reforms and consolidates consumer law in the UK. The CRA involves the creation of a single regime out of the Unfair Contract Terms Act 1977 (which essentially deals with attempts to limit liability for breach of contract) and the UTCCR. The CRA revokes the UTCCR and introduces a new regime for dealing with unfair contractual terms as follows:

Under Part 2 of the CRA an unfair term of a consumer contract (a contract between a trader and a consumer) is not binding on a consumer (an individual acting for purposes that are wholly or mainly outside that individual's trade, business, craft or profession). Additionally, an unfair notice is not binding on a consumer, although a consumer may rely on the term or notice if the consumer chooses to do so. A term will be unfair where, contrary to the requirement of good faith, it causes significant imbalance in the parties' rights and obligations under the contract to the detriment of the consumer. In determining whether a term is fair it is necessary to: (a) take into account the nature of the subject matter of the contract; (b) refer to all the circumstances existing when the term was agreed; and (c) refer to all of the other terms of the contract or any other contract on which it depends.

Schedule 2 contains an indicative and non-exhaustive "grey list" of terms of consumer contracts that may be regarded as unfair. Notably, paragraph 11 lists "a term which has the object or effect of enabling the trader to alter the terms of the contract unilaterally without a valid reason which is specified in the contract". Although paragraph 22 provides that this does not include (i) terms by which a supplier of financial services reserves the right to alter the rate of interest payable by or due to the consumer, or (ii) the amount of other charges for financial services without notice, where there is a valid reason the supplier is required to inform the consumer of the alteration at the earliest opportunity and the consumer is free to dissolve the contract immediately.

Provided that it is transparent and prominent (and does not appear on the "grey list"), a term of a consumer contract may not be assessed for fairness to the extent that: (i) it specifies the main subject matter of the contract; and/or (ii) the assessment is of the appropriateness of the price payable under the contract by comparison with the goods, digital content or services supplied under it. A trader must ensure that a written term of a consumer contract, or a consumer notice in writing, is transparent i.e. that it is expressed in plain and intelligible language and is legible.

Where a term of a consumer contract is "unfair" it will not bind the consumer. However, the remainder of the contract, will, so far as practicable, continue to have effect in every other respect. Where a term in a consumer contract is susceptible of multiple different meanings, the meaning most favourable to the consumer will prevail. It is the duty of the court to consider the fairness of any given term. This can be done even where neither of the parties to proceedings have explicitly raised the issue of fairness.

The provisions in the CRA governing unfair contractual terms came into force on 1 October 2015. The Unfair Contract Terms Regulatory Guide (UNFCOG in the FCA handbook) explains the FCA's policy on how it uses its formal powers under the CRA and the CMA published guidance on the unfair terms provisions in the CRA on 31 July 2015. This new regime does not seem to be significantly different from the regime under the UTCCR.

For more information as to the risks specific to the Issuer and/or holding of the Notes and Certificates arising from the Consumer Rights Act 2015 please see "*Risk Factors – Regulatory and legal risks – Legal risks associated with the Loans, the Notes and the Transaction Documents*".

#### *Case law of the ECJ on unfair terms*

It is likely that such guidance (and any attendant guidance issued by the FCA) will take account of recent developments in ECJ case law on the interpretation of the Unfair Terms Directive (93/13/EEC) (which was implemented in the UK by the UTCCR) including: (i) *Nemzeti Fogyasztóvédelmi Hatóság v Invitel Távközlési Zrt* where the ECJ ruled that mandatory rules on variation and termination rights must be set out clearly in consumer contracts; (ii) *RWE Vertrieb AG v Verbraucherzentrale* which emphasises the foundations of consumer protection on inequality of bargaining power and imbalances in information.

In the case of *Árpád Kásler and Hajnalka Káslerné Rábai v OTP Jelzálogbank ZRT* the ECJ ruled that, under the Unfair Terms Directive the expression the "main subject matter of a contract" covers such a term only in so far as it lays down an essential obligation of that agreement that, as such, characterises it and that such a term, in so far as it contains a pecuniary obligation for a consumer to pay, in repayment of instalments of a loan, cannot be considered as "remuneration" the adequacy of which as consideration for a service supplied by the lender that cannot be the subject of an examination as regards unfairness. Secondly, the requirement for a contractual term to be drafted in plain intelligible language is to be understood as requiring that the relevant term should be grammatically intelligible to the consumer, so that the consumer is in a position to evaluate, on the basis of clear, intelligible criteria, the economic consequences for him that derive from it. Finally, where a contract concluded between the seller or supplier and a consumer cannot continue in existence after an unfair term has been deleted, that provision does not preclude a rule of national law enabling the national court to cure the invalidity of that term by substituting for it a supplementary provision of national law.

It remains to be seen how these judgements will impact the position in the UK. No assurance can be given that this case law will not have a material adverse effect on the Seller, the Legal Title Holder, the Issuer and their respective businesses and operations. There can be no assurance that this case law will not affect the Loans.



#### *Financial Services (Distance Marketing) Regulations 2004*

The Financial Services (Distance Marketing) Regulations 2004 apply to, *inter alia*, credit agreements entered into on or after 31 October 2004 by a "consumer" within the meaning of these regulations by means of distance communication (i.e. without any substantive simultaneous physical presence of the lender and the borrower). A Regulated Mortgage Contract under the FSMA (if originated by a UK lender from an establishment in the UK) will not be cancellable under these regulations but will be subject to related pre-contract disclosure requirements in MCOB. 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, where all the prescribed information has been received 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 lender to the borrower under or in relation to the cancelled agreement, within 30 days beginning with the day of the borrower sending notice of cancellation or, if later, the 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 treated as never having had effect for the cancelled agreement.

For more information as to the risks specific to the Issuer and/or holding of the Notes and Certificates arising from the Financial Services (Distance Marketing) Regulations 2004 please see "*Risk Factors – Regulatory and legal risks – Legal risks associated with the Loans, the Notes and the Transaction Documents*".

#### *Consumer Protection from Unfair Trading Regulations 2008*

On 11 May 2005, the European Parliament and Council adopted a directive on unfair business-to-consumer commercial practices (the "**Unfair Commercial Practices Directive**" or "**UCP**"). Generally, the Unfair Commercial Practices Directive applies full harmonisation, which means that member states of the European Union may not impose more stringent provisions in the fields to which full harmonisation applies. By way of exception, this Directive permits member states of the European Union to impose more stringent provisions in the fields of financial services and immovable property, such as mortgage loans. The Unfair Commercial Practices Directive provided for a transitional period until 12 June 2013 for applying full harmonisation in the fields to which it applies. The Unfair Commercial Practices Directive was implemented into United Kingdom law through the CPUTRs. The CPUTRs came into effect on 26 May 2008 and affect all contracts entered into with persons who are natural persons and acting for purposes outside their respective business. Although the CPUTRs are not concerned solely with financial services, they do apply to the residential mortgage market.

Under the CPUTRs a commercial practice is to be regarded as unfair and therefore prohibited if it is:

- (a) contrary to the standard of special skill and care which a trader may reasonably be expected to exercise towards consumers, commensurate with honest market practice and/or general principles of good faith in the trader's field of activity; and
- (b) materially distorts or is likely to materially distort the economic behaviour of the average consumer (who is reasonably well-informed and reasonably observant and circumspect, and taking into account social, cultural and linguistic factors) who the practice reaches or to whom it is addressed (or where a practice is directed at or is of a type which may affect a particular group of consumers, the average consumer of that group).

In addition to the general prohibition on unfair commercial practices, the CPUTRs contain provisions aimed at aggressive and misleading practices (including, but not limited to: (i) pressure selling; misleading marketing (whether by action or omission); and (iii) falsely claiming to be a signatory to a code of conduct) and a list of practices which will in all cases be considered unfair.

The Law Commission and the Scottish Law Commission reviewed the current private law in this area and found it to be fragmented and unclear. On 28 March 2012 the two Commissions published a report entitled "Consumer Redress for Misleading and Aggressive Practices", which sets out recommendations for reform.

On 14 March 2013 the European Commission published the results of its review on the application of the UCP. The Commission does not propose amending the UCP but has indicated that intensified national enforcement and reinforced cooperation in cross-border enforcement are needed. Going forward the Commission will consider how it can play a more active role in enforcement and will continue to perform in-depth reviews of how the directive works in practice.

The Consumer Protection (Amendment) Regulations 2014 came into force on 1 October 2014. This legislation gives consumers a direct right of action including a right to unwind agreements within 90 days of entering into the contract if a misleading or aggressive practice under the CPUTRs was a significant factor in the consumer's decision to enter into the contract. The amendments to CPUTRs also extend the regime so that it covers misleading and aggressive demands for payment: The legislation applies to demands for payment for restricted-use credit (where the credit must be used to finance a particular transaction) where the misleading or aggressive commercial practice: (i) began before 1 October 2014 and continues after that date – however, a consumer will only be able to exercise his new direct rights of action if a contract is entered into, or payments are made, after the date the legislation comes into force; and (ii) occurs on or after 1 October 2014. This will apply to any unregulated buy-to-let contracts in the Mortgage Pool and any debt collection activity with regard to demands for repayment.

The effect (if any) of the CPUTRs on the Loans, the Seller, the Legal Title Holder or the Issuer and their respective businesses and operations will depend on whether those entities engage in any of the practices described in the CPUTRs. Whilst engaging in an unfair commercial practice does not render a contract void or unenforceable, to do so is an offence punishable by a fine and/or imprisonment. In practical terms, the CPUTRs have not added much to the regulatory requirements already in place, such as treating customers fairly and conduct of business rules. Breach of the CPUTRs would initiate intervention by a regulator and may lead to criminal sanctions.

#### **Legal and Regulatory Matters Affecting the Notes**

##### *Fixed charges may take effect under English law as floating charges*

Pursuant to the terms of the Deed of Charge, the Issuer has purported to grant fixed charges over, amongst other things, its interests in the Mortgages and their related Collateral Security and its rights and benefits in the Bank Accounts, and its beneficial interests in the Collection Accounts.

The law in England and Wales relating to the characterisation of fixed charges is not settled. The fixed charges purported to be granted by the Issuer may take effect under English law as floating charges only, if, for example, it is determined that the Trustee does not exert sufficient control over the charged property for the security to be said to "fix" over those assets (although it should be noted that there is no equivalent concept of re-characterisation of fixed security as floating charges under Scots law). It should be assumed by Noteholders that the fixed charges will take effect as floating charges. If the charges take effect as floating charges instead of fixed charges, then, as a matter of law, certain claims would have priority over the claims of the Trustee in respect of the floating charge assets. In particular, the expenses of any administration, and the claims of any preferential creditors and the claims of unsecured creditors would rank ahead of the claims of the Trustee in this regard. The Enterprise Act 2002 abolished the preferential status of certain Crown debts (including the claims of the United Kingdom tax authorities). However, certain employee claims (in respect of contributions to pension schemes and wages) still have preferential status. In this regard, it should be noted that the Issuer has agreed in the Transaction Documents not to have any employees.

In addition, any administrative receiver, administrator or liquidator appointed in respect of the Issuer will be required to set aside the prescribed percentage or percentages of the floating charge realisations in respect of the floating charges contained in the Deed of Charge (as described in more detail above in "*Risk Factors – English law security and insolvency considerations*").

*UK Government Credit Guarantee Scheme, ABS Guarantee Scheme and Financial Services Compensation Scheme not applicable*

On 8 October 2008, the UK Government announced the introduction of a new credit guarantee scheme pursuant to which the Government would make available to eligible institutions for an interim period a guarantee of new short and medium term debt issuance to assist in refinancing maturing, wholesale funding obligations as they fell due. The UK Government indicated that certain debt instruments including the Notes were not covered by the guarantee provided under the scheme and, as such, for the avoidance of doubt, the obligations of the Issuer in respect of the Notes are not guaranteed by the UK Government under the above credit guarantee scheme. This scheme was closed to new issuance on 28 February 2010 and the scheme closed upon the expiry of the final guarantee on 26 October 2012. In addition, on 19 January 2009, the UK government announced the introduction of the asset backed securities guarantee scheme which closed on 31 December 2009. The Notes are not guaranteed by the UK Government under the asset backed securities guarantee scheme. Also, any investment in the Notes does not have the status of a bank deposit in England and Wales and is not within the scope of the UK Financial Services Compensation Scheme and accordingly, the Notes will not confer any entitlement to compensation under that scheme. As such, the Notes are obligations of the Issuer only and any potential investors should be aware that they will not be able to have recourse to any of the guarantees or compensation schemes set out above in relation to an investment in the Notes.

*Equitable interest and Scottish Declaration of Trust*

Legal title to the Mortgages in the Mortgage Pool over registered land in England and Wales or any land in Scotland is, or is in the course of being, registered in the name of the Legal Title Holder, and will remain with the Legal Title Holder. The sale by the Seller to the Issuer, of Mortgages over such land in England and Wales, will take effect in equity only. The sale by the Seller to the Issuer of Mortgages over such land in Scotland is given effect to by the Legal Title Holder declaring a trust in respect of the Scottish Loans and their Collateral Security in favour of the Issuer. By virtue of each Scottish Declaration of Trust by the Legal Title Holder, the beneficial interest in the relevant Scottish Loans and their Collateral Security is held on trust for the benefit of the Issuer. The holding of a beneficial interest under a Scottish Trust has (broadly) equivalent legal consequences in Scotland to the holding of an equitable interest in England and Wales. Save in the circumstances set out below, no application will be made to the Land Registry or the Registers of Scotland to register the Issuer as legal owner or heritable creditor of such Mortgages. Neither the Issuer nor the Trustee will apply to the Land Registry or the Registers of Scotland to register their interest in such Mortgages. See "*Title to the Mortgage Pool*" below.

As a consequence of neither the Issuer nor the Trustee obtaining legal title to the Mortgages by not registering or recording their respective interest in the Land Registry or at Registers of Scotland (where applicable), a bona fide purchaser from the Legal Title Holder for value of any of such Mortgages without notice of any of the interests of the Seller, 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 the Legal Title Holder). However, the risk of third party claims obtaining priority to the interests of the Seller, the Issuer or the Trustee would be likely to be limited to circumstances arising from a breach by the Legal Title Holder, the Seller or the Servicer (or any delegate or replacement thereof, as the case may be) of its contractual obligations, representations or warranties or fraud, negligence or mistake on the part of the Seller, the Legal Title Holder or the Servicer (or any delegate or replacement thereof, as the case may be) or their respective personnel or agents. (See "*Title to the Mortgage Pool*" below). Furthermore, for so long as neither the Issuer nor the Trustee have obtained legal title, they must join the Legal Title Holder as a party to any legal proceedings which they may wish to take against any Borrower or in relation to the enforcement of any Mortgage. In this regard, the Legal Title Holder 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 may be required by the Trustee in relation to, any legal proceeding in respect of any Mortgage. In the event that the Legal Title Holder is in administration, discretionary leave of the court may be required to join the Legal Title Holder as a party to such proceedings.

For more information as to the risks specific to the Issuer and/or holding of the Notes and Certificates arising from Equitable interest and Scottish Declaration of Trust please see "*Risk Factors – Risks Related to the Notes – Legal Risks related to the sale of the Mortgage Pool*".

### *Set-off risk*

As described above, the sale by the Seller to the Issuer of the English Loans will be given effect by an equitable assignment and the sale of Scottish Loans will be given effect under each Scottish Declaration of Trust. As a result, legal title to the Loans will remain with the Legal Title Holder until the occurrence of certain trigger events under the terms of the Mortgage Sale Agreement (see "*Rights of Noteholders and Certificateholders and Relationship with Other Secured Creditors – Triggers Tables – Non-Rating Triggers Table – Perfection Events*") or until the Legal Title Holder exercises its discretion to transfer legal title in the Loans to an authorised third party or a substitute entity, subject to receipt of a Rating Agency Confirmation. Therefore, the rights of the Issuer may be subject to "transaction set-off", being the direct rights of the Borrowers against the Legal Title Holder.

By way of example, the relevant Borrower may set-off any claim for damages (including the exercise of analogous rights) arising from the Legal Title Holder's breach of contract against the Legal Title Holder's (and, as equitable assignee of or holder of the beneficial interest in the Loans and the Mortgages in the Mortgage Pool, the Issuer's) claim for payment of principal and/or interest under the relevant Loan as and when it becomes due. These set-off claims will constitute transaction set-off, as described in the immediately preceding paragraph.

For more information as to the risks specific to the Issuer and/or holding of the Notes and Certificates arising from set-off please see "*Risk Factors – Risks Related to the Notes – Legal Risks related to the sale of the Mortgage Pool*".

### *Effect of the sale of the Mortgage Pool*

The Issuer has considered whether the transfer of the Loans and Collateral Security pursuant to the terms of the Mortgage Sale Agreement is effective to transfer to the Issuer the beneficial ownership of (but not, without further steps being taken, the legal estate in or title to) the Loans, Mortgages and Collateral Security. The Issuer has been advised that, subject to certain assumptions and qualifications, on the basis of the principles set out in *Re George Inglefield* [1933] Ch 1, as considered and applied by the Court of Appeal in *Welsh Development Agency v Export Finance Co. Ltd.* [1992] BCC 270, an English court would find the transfer was not made by way of security and therefore would not be void against a liquidator, administrator or creditor of the Legal Title Holder or the Seller. If a court were to find otherwise, investors could be adversely affected.

For more information as to the risks specific to the Issuer and/or holding of the Notes and Certificates arising with respect to the effect of the sale of the Mortgage Pool please see "*Risk Factors – Risks Related to the Notes – Legal Risks related to the sale of the Mortgage Pool*".

### *Securitisation Regulation*

On 1 January 2019, the Securitisation Regulations began to apply to any securitisations issued from that date, subject to various transitional provision.

The Securitisation Regulations implement the revised securitisation framework developed by the Basel Committee, as well as revised risk retention and transparency requirements (now imposed variously on the issuer, originator, sponsor and/or original lender of a securitisation) and new due diligence requirements imposed on certain institutional investors in a securitisation. It also introduced a ban on the securitisation of residential mortgage loans made after 20 March 2014 and marketed and underwritten on the premise that the loan applicant or, where applicable, intermediaries were made aware that the information provided by the loan applicant might not be verified by the lender. In general, the requirements imposed under the Securitisation Regulations are more onerous and have a wider scope than those imposed under the previous legislation.

The EU risk retention and due diligence requirements described above apply in respect of the Notes. Investors should therefore make themselves aware of such requirements (and any corresponding implementing rules made at the national level), where applicable to them, in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes. With respect to the commitment of the EU Risk Retention Holder to retain a material net economic interest of at least 5 per cent. in the securitisation and with respect to the information to be made available by the Issuer (or by the Servicer on the Issuer's behalf), please see the statements set out in "*Certain Regulatory Disclosures*".

Relevant investors are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with any relevant requirements and none of the Issuer, the Co-Arrangers, the Joint Lead Managers, the Seller or any of the other Transaction Parties makes any representation that the information described above is sufficient in all circumstances for such purposes.

For more information as to the risks specific to the Issuer and/or holding of the Notes and Certificates arising from the Securitisation Regulation please see "*Risk Factors – Regulatory and legal risks – Securitisation Regulation*".

*Various parties to the transaction are subject to the requirements of the Securitisation Regulation.*

With regard to the transparency requirements set out in Article 7 of the Securitisation Regulation, the relevant regulatory and implementing technical standards, including the standardised templates to be developed by ESMA which set out the form in which the relevant reporting entity is required to comply with certain of the periodic reporting requirements (the "**ESMA Disclosure Templates**") have not as yet been adopted. As a result, the Securitisation Regulation transitional provisions will apply. These provisions require, amongst other things, that any disclosure under Article 7 of the Securitisation Regulation should be made available in the form prescribed under the regulatory technical standards published pursuant to Article 8b of the CRA Regulation (the "**CRA3 Templates**") until the regulatory and implementing technical standards under the Securitisation Regulations have come into operation and the ESMA Disclosure Templates begin to apply.

Furthermore, in a statement issued on 30 November 2018, the Joint Committee of the European Supervisory Authorities noted the operational difficulties of compliance with the Securitisation Regulation disclosure obligations during this transitional period under the CRA3 for some entities and indicated that national competent authorities should generally apply their supervisory powers in their day-to-day supervision and enforcement of applicable legislation in a proportionate and risk-based manner.

With regard to STS securitisations, investors should note that this Transaction does not meet the criteria for STS securitisations and consequently that no STS notification will be made with respect to the Notes.

For more information as to the risks specific to the Issuer and/or holding of the Notes and Certificates arising from various requirements of the parties to the Transaction Documents under the Securitisation Regulation please see "*Risk Factors – Regulatory and legal risks – Securitisation Regulation*".

#### *Transparency Requirements*

The Issuer and BML, as originator within the meaning of the Securitisation Regulation, have agreed that the Issuer is the designated entity under Article 7(2) of the Securitisation Regulation to fulfil the information requirements of Article 7(1) of the Securitisation Regulation. The Issuer has appointed the Servicer and the Cash Administrator to perform and/or as applicable, assist with all of the Issuer's obligations under Article 7(2) read together with Article 7(1) of the Securitisation Regulation. For further information please refer to the sections entitled "*General Information*", "*The Seller, Servicer, Originator, Legal Title Holder and Cash Administrator*" and "*Servicing of the Mortgage Pool and Cash Management*".

For more information as to the risks specific to the Issuer and/or holding of the Notes and Certificates arising from transparency requirements please see "*Risk Factors – Regulatory and legal risks – Securitisation Regulation*".

#### *Compliance with U.S. Credit Risk Retention*

The Credit Risk Retention regulations implemented by U.S. Federal regulatory agencies including the SEC pursuant to the U.S. Risk Retention Rules came into effect with respect to residential mortgage backed securities on 24 December 2015 and generally require the "sponsor" of a "securitization transaction" to retain at least 5 per cent. of the "credit risk" of "securitized assets", as such terms are defined for purposes of that statute, and generally prohibit a sponsor from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the sponsor is required to retain. The U.S. Risk Retention Rules also provide for certain exemptions from the risk retention obligation that they generally impose.

The transaction described in this Prospectus is not intended to involve the retention by a sponsor of at least 5 per cent. of the credit risk of the Issuer for the purposes of compliance with the U.S. Risk Retention Rules,

but rather will be made in reliance on an exemption for non-U.S. transactions provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. Such non-U.S. transactions must meet certain requirements, including that (1) the transaction is not required to be and is not registered under the Securities Act; (2) no more than 10 per cent. of the dollar value (or equivalent amount in the currency in which the securities are issued) of all classes of securities issued in the securitisation transaction are sold or transferred to U.S. persons (in each case, as defined in the U.S. Risk Retention Rules) or for the account or benefit of U.S. persons (as defined in the U.S. Risk Retention Rules and referred to in this Prospectus as "Risk Retention U.S. Persons"); (3) neither the sponsor nor the issuer of the securitisation transaction is organised under U.S. law or is a branch located in the United States of a non-U.S. entity; and (4) no more than 25 per cent. of the underlying collateral was acquired from a majority-owned affiliate or branch of the sponsor or issuer organised or located in the United States.

Prior to any Notes which are offered and sold by the Issuer being purchased by, or for the account or benefit of, any Risk Retention U.S. Person, the purchaser of such Notes must first disclose to the Joint Lead Managers that it is a Risk Retention U.S. Person and obtain the written consent of BML, which will be monitoring the value of Notes purchased by, or for the account or benefit of, Risk Retention U.S. Persons. Prospective investors should note that the definition of U.S. person in the U.S. Risk Retention Rules is substantially similar to, but not identical to, the definition of U.S. person under Regulation S. There can be no assurance that the requirement to obtain BML's written consent to the purchase of any Notes which are offered and sold by the Issuer being purchased by, or for the account or benefit of, any Risk Retention U.S. Person will be complied with or will be made by such Risk Retention U.S. Persons.

There can be no assurance that the exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions will be available. No assurance can be given as to whether failure of the transaction to comply with the U.S. Risk Retention Rules (regardless of the reason for such failure to comply) may give rise to regulatory action which may adversely affect the Notes or their market value. Furthermore, the impact of the U.S. Risk Retention Rules on the securitisation market generally is uncertain, and a failure by the sponsor to comply with the U.S. Risk Retention Rules could therefore negatively affect the market value and secondary market liquidity of the Notes.

None of the Issuer nor the relevant parties or any of their respective affiliates makes any representation to any prospective investor or purchaser of the Notes or Certificates as to whether the transaction described in this Prospectus complies with the U.S. Risk Retention Rules on the Issue Date or at any time in the future. Investors should consult their own advisers as to the U.S. Risk Retention Rules. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

#### *Compliance with European risk retention requirements*

Investors should be aware of the due diligence requirements in respect of various types of institutional investors with an EU nexus. These include credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings and UCITS funds. Amongst other things, such requirements restrict an institutional investor (other than the originator, sponsor, or original lender) from investing in asset-backed securities unless (i) that investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including the position of its note in the relevant priorities of payment and the structural features of the securitisation and (ii) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the investor that, amongst other things, it will retain, on an on-going basis, a qualifying material net economic interest of not less than 5 per cent. in respect of the relevant securitisation determined in accordance with Article 6 of the Securitisation Regulation.

An institutional investor (other than the originator, sponsor or original lender) holding a securitisation position shall at least establish appropriate written procedures that are proportionate to the risk profile of the securitisation position and, where relevant, to the institutional investor's trading and nontrading book, in order to monitor, on an ongoing basis, compliance with its due diligence requirements and the performance of the securitisation position and of the underlying exposures. Failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a penal capital charge on the notes acquired by the relevant investor. Aspects of the requirements and what is or will be required to demonstrate compliance to national regulators remain unclear and are still evolving. Investors who are uncertain as to the requirement that will need to be complied with in order to avoid the consequences of non-compliance should seek guidance from their regulator. Please see "*Securitisation Regulation*" above.

The risk retention and due diligence requirements described above apply in respect of the Notes. With respect to the commitment of BML to retain a material net economic interest in the securitisation and with respect to the information to be made available by the Issuer or another relevant party (or, after the Issue Date, by the Cash Administrator, and/or the Servicer on the Issuer's behalf), please see the statements set out in "*Transparency Requirements*" and the section of this Prospectus headed "*Certain Regulatory Disclosures – EU Retention Requirements and exposure to the Retained Interest*". Relevant investors are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with any relevant requirements and none of the Issuer, the Co-Arrangers, the Joint Lead Managers, the Seller or any other party to a Transaction Document makes any representation that the information described above is sufficient in all circumstances for such purposes.

Prospective investors should therefore make themselves aware of the changes and requirements described above (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other applicable regulatory requirements with respect to their investment in the Notes.

For more information as to the risks specific to the Issuer and/or holding of the Notes and Certificates arising from Compliance with European risk retention requirements please see "*Risk Factors – Risk Related to the Notes – Financing of the risk retention piece*".

### *CRA3*

Prospective investors should note the provisions of CRA3 which became effective on 20 June 2013. CRA3 requires, among other things, issuers or related third parties intending to solicit a credit rating of a structured finance instrument to appoint at least two credit rating agencies to provide credit ratings independently of each other.

For more information as to the risks specific to the Issuer and/or holding of the Notes and Certificates arising from CRA3 please see "*Risk Factors – Regulatory and legal risks – Securitisation Regulation*".

### *Implementation of and/or changes to the Basel Framework*

The Basel Committee approved significant changes to Basel II (being the revised international capital framework of the Basel Committee, published in 2004) regulatory capital and liquidity framework in 2011 (such changes being commonly referred to as "**Basel III**"). In particular, Basel III provides for a substantial strengthening of existing prudential rules, including requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio "backstop" for financial institutions and certain minimum liquidity standards (referred to as the "Liquidity Coverage Ratio" and the "Net Stable Funding Ratio"). The European Commission published the final version of the Delegated Regulation for the LCR in October 2014, which was published in the Official Journal of the EU on 17 January 2015 and applies from 1 October 2015. The minimum LCR requirement is 60 per cent. as of October 2015 will reach 100 per cent. as of 1 January 2018. The Net Stable Funding Ratio is intended to apply from January 2018. Implementation of Basel III requires national legislation and therefore the final rules and the timetable for their implementation in each jurisdiction may be subject to some level of national variation. The Basel Committee has also published certain proposed revisions to the securitisation framework, including proposed new hierarchies of approaches to calculating risk weights and a new risk weight floor of 15 per cent. On 11 July 2016, the Basel Committee issued an updated final standard on revisions to the Basel III securitisation framework amending its previous capital standards for securitisations, including reducing the risk weight floor from 15 per cent. to 10 per cent in respect of senior exposures which comply with the "simple, transparent and comparable" securitisation criteria outlined in that updated final standard. On 13 July 2018 the European Commission adopted revisions to Delegated Regulation (EU) 2015/61 for the LCR. The adopted revisions currently have a three month objection period from the Council and the European Parliament and after a further eighteen month period would come into force. If the adopted revisions remain in their currently adopted format certain LCR eligible securitisations which would currently be eligible as high quality liquid assets for the purposes of LCR may cease to be so eligible following the application date of the revised delegated regulations. The revised delegated regulations are not anticipated to apply prior to the third quarter of 2020.

The Basel III reforms are being implemented in the EEA through the CRD IV. CRD IV became effective in the UK and other EU member states on 1 January 2014. CRD IV permits a transitional period for certain of the enhanced capital requirements and certain other measures which are not expected to be fully

implemented until 2019. In particular, there is currently no proposed draft regulation in relation to the application of the Net Stable Funding Ratio.

In December 2017 a number of reforms were finalised to Basel III and the Basel framework more generally, as published in the Basel Committee's BCBS424 document. These further reforms, sometimes referred to as Basel IV, relate to the credit risk, output floor, credit valuation adjustment, operational risk and leverage ratio. The European Commission's March 2018 consultation paper on the implementation of the final Basel III standards also contains summaries of these reforms. The implementation date for these reforms, with the exception of the output floor, is 1 January 2022.

Implementation of the Basel framework (to the extent that it has not already been fully implemented in member countries) and/or of any of the changes put forward by the Basel Committee and/or the European Commission as described above may have an impact on the capital requirements in respect of the Notes or Certificates and/or on incentives to hold the Notes or Certificates for investors that are subject to requirements that follow the relevant framework and, as a result, may affect the liquidity and/or value of the Notes or Certificates.

In general, investors should consult their own advisers as to the regulatory capital requirements in respect of the Notes and Certificates and as to the consequences for and effect on them of any changes to the Basel framework (including the changes described above) and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

#### *EMIR and MiFID II/MiFIR*

The Swap Counterparty has agreed to provide hedging to the Issuer and investors should be aware that, further to EMIR, the Issuer is subject to certain regulatory requirements including, but not limited to, various compliance requirements for non-cleared "over-the-counter" derivative transactions (known as the 'risk mitigation techniques') and the requirement to report derivative transactions to a trade repository or to the ESMA which may result in future amendments by the Issuer to the Transaction Documents, in particular where Noteholder or Certificateholder consent will not be required for such amendments. The 'risk mitigation techniques' include requirements for timely confirmation, portfolio reconciliation, and dispute resolution. The Swap Counterparty or its affiliate will provide services to the Issuer pursuant to the terms of a reporting services agreement to be entered into between the Swap Counterparty or its affiliate and the Issuer on or about the Issue Date which are required in order for the Issuer to comply with its reporting and portfolio reconciliation obligations under EMIR, to the extent that they may be delegated.

The EU regulatory framework and legal regime relating to derivatives is set not only by EMIR but also by the proposals to amend the existing Markets in Financial Instruments Directive. The official texts of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU ("**MiFID II**") and Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 ("**MiFIR**" together with MiFID II "**MiFID II/MiFIR**") were published in the EU Official Journal on 12 June 2014 and entered into force on 2 July 2014. MiFIR is a Level -1 regulation and requires secondary rules for full implementation of all elements. The implementing measures that supplement MiFIR will take the form of delegated acts and technical standards. On 23 April 2014 the Commission asked ESMA to produce technical advice on the necessary delegated acts.

On 22 May 2014 ESMA launched its consultation process which closed on 1 August 2014. On 19 December 2014 ESMA published a final report containing its technical advice to the Commission as well as a consultation paper with draft technical standards. During 2015 ESMA published draft guidelines on various issues.

In March 2015 the FCA published a discussion paper on conduct of business and organisational requirements arising out of MiFID II and HM Treasury issued a consultation paper on the transposition of MiFID II in the UK. In December 2015 the FCA issued a further consultation paper on markets issues.

The original deadline for MiFID II to be transposed into national law was 3 July 2016 and for MiFID II and MiFIR to apply was 3 January 2017. However, on 17 June 2016, the EU Council adopted a regulation and a directive postponing the implementation of MiFID II and MiFIR until 3 January 2018 and to give member states a year's extension on the original 3 July 2016 deadline to transpose the legislation.



Amongst other requirements, MiFIR requires certain standardised derivatives to be traded on exchanges and electronic platforms (the "**Trading Obligation**"). Regulatory technical standards will be developed to determine which derivatives will be subject to the Trading Obligation. In this respect, it is difficult to predict the full impact of these regulatory requirements on the Issuer.

Prospective investors should be aware that the regulatory changes arising from EMIR and MiFID II/MiFIR may in due course significantly raise the costs of entering into derivative contracts and may adversely affect the Issuer's ability to engage in transactions in over-the-counter derivatives. As a result of such increased costs or increased regulatory requirements, investors may receive less interest or return, as the case may be. Investors should be aware that such risks are material and that the Issuer could be materially and adversely affected thereby. As such, investors should consult their own independent advisers and make their own assessment about the potential risks posed by EMIR, technical standards made thereunder (including the Adopted Technical Standards) and MIFID II/MiFIR, in making any investment decision in respect of the Notes or Certificates.

**RIGHTS OF NOTEHOLDERS AND CERTIFICATEHOLDERS AND RELATIONSHIP WITH OTHER SECURED CREDITORS**

Please refer to the section entitled "*Terms and Conditions of the Notes*" and "*Terms and Conditions of the Certificates*" for further detail in respect of the rights of Noteholders and Certificateholders, conditions for exercising such rights and relationships with other Secured Creditors.

**Prior to an Event of Default .** The Issuer or the Trustee may also convene Noteholder meetings (at the cost of the Issuer) for any purpose, including consideration of Extraordinary Resolutions and Ordinary Resolutions and the Trustee shall be obliged to do so, subject to it being indemnified and/or secured and/or pre-funded to its satisfaction, upon the request in writing of a Class or Classes of Noteholders holding not less than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes then outstanding of the relevant Class or Classes.

However, the Noteholders are not entitled to instruct or direct the Issuer to take any action, either directly or through the Trustee, without the consent of the Issuer and, if applicable, certain other Transaction Parties, unless the Issuer has an obligation to take such action under the relevant Transaction Documents.

**Following an Event of Default .....**

If an Event of Default occurs and is continuing, the holders of the Most Senior Class may, if they hold at least 25 per cent. of the Principal Amount Outstanding of the Most Senior Class or if they pass an Extraordinary Resolution, direct the Trustee to give an Enforcement Notice to the Issuer pursuant to which each Class of the Notes shall become immediately due and repayable at their respective Principal Amount Outstanding together with any accrued interest and the Trustee shall give such Enforcement Notice to the Issuer subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction.

**Noteholders Meeting Provisions .....**

	<u>Initial Meeting</u>	<u>Adjourned Meeting</u>
Notice period:	21 clear days for the initial meeting.	10 days for meeting adjourned through want of quorum.  Adjourned meeting must be convened not less than 14 nor more than 42 clear days later than the initial meeting.
Quorum for Ordinary Resolution:	Two or more persons holding or representing not less than 25 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes outstanding for the initial meeting.	Two or more persons holding or representing not less than 10 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes outstanding for the adjourned meeting.

Quorum for Certificates Ordinary Resolution:	One or more persons holding or representing not less than 25 per cent. of the outstanding Certificates for the initial meeting.	One or more persons holding or representing any proportion of the Certificates which the person constituting the quorum is holding or representing for the adjourned meeting.
Quorum for Extraordinary Resolution (other than to approve a Notes Basic Terms Modification):	Two or more persons holding or representing more than 50 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes outstanding for the initial meeting.	Two or more persons holding or representing not less than 25 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes outstanding for the adjourned meeting.
Quorum for Certificates Extraordinary Resolution (other than to approve a Certificates Basic Terms Modification):	One or more persons holding or representing more than 50 per cent. of the outstanding Certificates for the initial meeting.	One or more persons holding or representing any proportion of the Certificates which the person constituting the quorum is holding or representing for the adjourned meeting.
Quorum for Extraordinary Resolution to approve a Notes Basic Terms Modification or a Certificates Basic Terms Modification:	Two or more persons holding or representing not less than 75 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes outstanding for the initial meeting.	Two or more persons holding or representing more than 50 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes outstanding for the adjourned meeting.
Quorum for Extraordinary Resolution to approve a Certificates Basic Terms Modification:	One or more persons holding or representing not less than 75 per cent. of the outstanding Certificates for the initial meeting.	One or more persons holding or representing not less than 25 per cent. of the outstanding Certificates for the adjourned meeting.

Required majority for Ordinary Resolution:	Not less than 50.1 per cent. of the persons voting at the meeting upon a show of hands or, if a poll is demanded, not less than 50.1 per cent. of the votes cast on such poll.
Required majority for Extraordinary Resolution:	Not less than 75 per cent. of the persons voting at the meeting upon a show of hands or, if a poll is demanded, not less than 75 per cent. of the votes cast on such poll.
Written Resolution:	In the case of an Extraordinary Resolution, not less than 75 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes. In the case of an Ordinary Resolution, not less than 50.1 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes. A written resolution has the same effect as an Ordinary Resolution or an Extraordinary Resolution (as applicable). There is no requirement as to the minimum number of Noteholders of any Class who must vote in favour of a written resolution.

**Notes Basic Terms Modification.....**

Any amendment to the following matters would be a Notes Basic Terms Modification which requires a Note Extraordinary Resolution of each Class of Notes and a Certificates Extraordinary Resolution of the Certificateholders:

- (a) the maturity date of the Notes or the dates on which interest is payable in respect of the Notes;
- (b) the date of payment of principal, interest or any other amount in respect of any Class of Notes, or, where applicable, of the method of calculating the date of payment of principal, interest or any other amount in respect of any Class of Notes, or of the method of calculating the date of payment in respect of the Certificates, except in accordance with Notes Condition 11(f) (*Modification and Waiver in relation to the Reference Rate*);
- (c) the amount of principal, the rate of interest or any other amount payable in respect of any Class of Notes or the priority of payment of such amount, or where applicable, of the method of calculating the amount payable of any principal, interest or any other amount payable in respect of any Class of Notes or of the method of calculating the amounts payable in respect of the Certificates, except in accordance with Notes Condition 11(f) (*Modification and Waiver in relation to the Reference Rate*);
- (d) the modification or addition of any other amount payable ranking ahead of or *pari passu* with any Class of Notes or Certificates, including any fees payable by the Issuer to any third party (save as permitted or contemplated under the terms of the Transaction Documents);

- (e) the priority of payment of interest or principal on the Notes;
- (f) the currency of payment of the Notes;
- (g) the definition of Notes Basic Terms Modification;
- (h) the definition of Event of Default;
- (i) the provisions concerning the quorum required at any meeting of Noteholders or the majority required to effect a Notes Basic Terms Modification or to pass an Extraordinary Resolution;
- (j) the definition of the Mortgage Pool Option Date;
- (k) any changes to the terms of the Deed Poll or any provisions concerning the exercise of the optional call thereunder, including Notes Condition 5(d) (*Optional Redemption in Full at the Direction of the Mortgage Pool Option Holder*);
- (l) any changes to the terms of the Risk Retention Regulatory Change Deed Poll or any provisions concerning the exercise of the optional call thereunder, including Notes Condition 5(e) (*Optional Redemption in Full Following the Exercise of a Risk Retention Regulatory Change Option*);
- (m) the provisions concerning limited recourse and non-petition in relation to the Issuer including Condition 10 (*Enforcement of Security, Limited Recourse and Non-Petition*);
- (n) the Notes Condition 3 (*Covenants of the Issuer*); or
- (o) any waiver of any proposal or actual breach of any of the covenants (including any Event of Default or Potential Event of Default) or provisions contained in or arising pursuant to the Notes Conditions, Certificates Conditions or any Transaction Documents by any party thereto, which would have the effect of any of the foregoing.

**Certificates Basic Terms  
Modification.....**

Any amendment to the following matters would be a Certificates Basic Terms Modification which requires an Extraordinary Resolution of the Certificateholders:

- (a) the maturity date of the Certificates and the Notes or the dates on which interest is payable on the Notes;
- (b) the date of payment of principal, interest or any other amount in respect of any Class of Notes, or, where applicable, of the method of calculating the date of payment of principal, interest or any other amount in respect of any Class of Notes, or of the method of calculating the date of payment in respect of the Certificates, except in accordance with Notes Condition 11(f) (*Modification and Waiver in relation to the Reference Rate*);
- (c) the amount of principal, the rate of interest or any other amount payable in respect of any Class of Notes or Certificates or the priority of payment of such amount, or where applicable, of the method of calculating the amount payable of any principal, interest or any other amount payable in respect of any Class of Notes or of the method of calculating the amounts payable in respect of the Certificates,

except in accordance with Notes Condition 11(f) (*Modification and Waiver in relation to the Reference Rate*);

- (d) the modification or addition of any other amount payable ranking ahead of or *pari passu* with any Class of Notes or Certificates, including any fees payable by the Issuer to any third party (save as permitted or contemplated under the Transaction Documents);
- (e) the priority of residual payments payable on the Certificates;
- (f) the currency of payment of the Certificates;
- (g) the definition of Notes Basic Terms Modification;
- (h) the definition of Event of Default;
- (i) the definition of Certificates Basic Terms Modification;
- (j) the provisions concerning the quorum required at any meeting of Certificateholders or the majority required to effect a Certificates Basic Terms Modification or to pass an Extraordinary Resolution;
- (k) the definition of the Mortgage Pool Option Date;
- (l) any changes to the terms of the Deed Poll or any provisions concerning the exercise of the optional call thereunder, including Notes Condition 5(d) (*Optional Redemption in Full at the Direction of the Mortgage Pool Option Holder*);
- (m) any changes to the terms of the Risk Retention Regulatory Change Deed Poll or any provisions concerning the exercise of the optional call thereunder, including Notes Condition 5(e) (*Optional Redemption in Full Following the Exercise of a Risk Retention Regulatory Change Option*);
- (n) the provisions concerning limited recourse and non-petition in relation to the Issuer including Certificates Condition 10 (*Enforcement of Security, Limited Recourse and Non-Petition*);
- (o) the Certificates Condition 3 (*Covenants of the Issuer*); or
- (p) any waiver of any proposal or actual breach of any of the covenants (including any Event of Default or Potential Event of Default) or provisions contained in or arising pursuant to the Notes Conditions, Certificates Conditions or any Transaction Documents by any party thereto which would have the effect of any of the foregoing.

**Negative Consent** ..... An Extraordinary Resolution or Ordinary Resolution (other than an Extraordinary Resolution relating to a Notes Basic Terms Modification) will be passed by a Class or Classes of Notes if, within 40 days of a notice to such Class or Classes of Noteholders which:

- (a) contains the text of such Extraordinary Resolution or Ordinary Resolution;
- (b) invites such Noteholders to object to such Extraordinary Resolution or Ordinary Resolution;

- (c) details the manner in which objections to such Extraordinary Resolution or Ordinary Resolution should be made; and
- (d) is given to such Class or Classes of Noteholders in accordance with the provisions of Notes Condition 13 (*Notice to Noteholders*) by the Issuer or the Trustee,

10 per cent. or more (in the case of an Extraordinary Resolution) or 15 per cent. or more (in the case of an Ordinary Resolution) in aggregate of the Principal Amount Outstanding of the Notes of such Class or Classes have not informed the Trustee in the prescribed manner of their objection to such Extraordinary Resolution or Ordinary Resolution.

Upon the Trustee receiving objections from Noteholders of 10 per cent. or more (in the case of an Extraordinary Resolution) or 15 per cent. or more (in the case of an Ordinary Resolution) in aggregate of the Principal Amount Outstanding of the Notes of the relevant Class or Classes, the Trustee shall give notice to the relevant Class or Classes of Noteholders in accordance with the provisions of Condition 13 (*Notice to Noteholders*) that the relevant Extraordinary Resolution or the Ordinary Resolution (as the case may be) has not passed. In such circumstance, a meeting of Noteholders may be called in accordance with the provisions of Condition 11 (*Meetings of Noteholders; Modifications; Consents; Waiver*) in order to pass the relevant Extraordinary Resolution or Ordinary Resolution in accordance with the provisions of Condition 11 (*Meetings of Noteholders; Modifications; Consents; Waiver*).

**Matters Requiring Extraordinary Resolution .....**

The following matters require an Extraordinary Resolution unless otherwise specified in the Transaction Documents:

- (a) a Notes Basic Terms Modification or a Certificates Basic Terms Modification;
- (b) a modification of the Transaction Documents; and
- (c) a modification of the Conditions.

**Convening Noteholder Meetings .....**

The Issuer or the Trustee may at any time convene a meeting of the Noteholders. If the Trustee receives a written request by Noteholders holding or representing at least 10 per cent. in Principal Amount Outstanding of the Notes of a particular Class and is indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses, the Trustee shall convene a meeting of the Noteholders of such Class. Every meeting shall be held at a time and place approved by the Trustee.

In certain circumstances, the Trustee may also convene meetings of Noteholders at its discretion.

**Relationship between Classes of Noteholders and Certificateholders .....**

Subject to the provisions in respect of a Notes Basic Terms Modification, a resolution of Noteholders of the Most Senior Class shall be binding on all other Classes and would override any resolutions to the contrary of the Classes ranking behind such Most Senior Class.

A Notes Basic Terms Modification requires an Extraordinary Resolution of each Class of Notes then outstanding and a Certificates Extraordinary Resolution of the Certificateholders.

<p><b>The Seller and/or its subsidiaries and/or affiliates as Noteholder and Certificateholder.....</b></p>	<p>Any of the Seller and/or its subsidiaries and/or affiliates have a right to subscribe for, purchase and hold any Notes or Certificates. As holder of any Notes or Certificates, any of the Seller and/or its subsidiaries and/or affiliates will have a right to vote on any resolution or determination put to Noteholders or Certificateholders and the interests of the Seller and/or its subsidiaries and/or affiliates may differ from those of other Noteholders or Certificateholders.</p>
<p><b>Relationship between Noteholders, Certificateholders and other Secured Creditors.....</b></p>	<p>So long as any Notes are outstanding and there is a conflict between the interests of the Noteholders, the Certificateholders and the other Secured Creditors, the Trustee will take into account solely the interests of the Noteholders. After the Notes have been redeemed in full and so long as there are any Certificates outstanding and there is a conflict between the interests of the Certificateholders and the other Secured Creditors, the Trustee will have regard solely to the interests of the Certificateholders and shall have regard to the interests of the other Secured Creditors only to pay such parties any monies received and payable to them and to act in accordance with the applicable Priority of Payments and the Secured Creditors shall have no claim against the Trustee for doing so.</p>
<p><b>Provision of Information to the Noteholders and Certificateholders .....</b></p>	<p>The Issuer is the designated entity for the purposes of Article 7 of the Securitisation Regulation. The Issuer will procure that:</p> <ul style="list-style-type: none"> <li>(a) from the Issue Date: <ul style="list-style-type: none"> <li>(i) the Cash Administrator will publish a quarterly investor report in respect of each Determination Period, as then required by and in accordance with Article 7(1)(e) of the Securitisation Regulation (the "<b>SR Investor Report</b>"); and</li> <li>(ii) the Servicer will publish on a quarterly basis certain loan-by-loan information in relation to the Mortgage Pool in respect of each Determination Period as then required by and in accordance with Article 7(1)(a) of the Securitisation Regulation (the "<b>SR Data Tape</b>"),</li> </ul> <p style="margin-left: 20px;">in each case, in the form prescribed as at such time under the Securitisation Regulation;</p> </li> <li>(b) the Servicer will publish without delay, any (i) inside information relating to the Issuer which the Issuer determines it is obliged to make in accordance with Article 17 of Regulation (EU) No. 596/2014 in accordance with Article 7(1)(f) of the Securitisation Regulation and will be disclosed to the public by the Issuer; or (ii) any significant event in accordance with Article 7(1)(g) of the Securitisation Regulation, in each case in the manner prescribed under the Securitisation Regulation; and</li> <li>(c) the Servicer will make available, within 5 Business Days of the issuance of the Notes, copies of the relevant Transaction Documents and this Prospectus via <a href="https://editor.eurowdw.eu/ecb/info?edcode=RMBSUK000926100120191&amp;pcd">https://editor.eurowdw.eu/ecb/info?edcode=RMBSUK000926100120191&amp;pcd</a> (or such other website as may be notified by the Servicer to the Issuer, the Cash Administrator, the Trustee, each Rating Agency, the Noteholders and the Certificateholders from time to time).</li> </ul>



In addition to the SR Investor Report and the SR Data Tape provided by the Cash Administrator and the Servicer (as applicable), the Cash Administrator will provide an investor report on a quarterly basis containing information in relation to the Notes and Certificates including, but not limited to, ratings of the Rated Notes, amounts paid by the Issuer pursuant to the relevant Priority of Payments in respect of the relevant period and required counterparty information (as set out in the Cash Administration Agreement) (the "**Performance Report**").

**Modification**..... The Trustee shall be obliged, without any consent or sanction of the Noteholders, the Certificateholders or, subject to the receipt of consent from any of the Secured Creditors party to a Transaction Document being modified or whose ranking in any Priority of Payments is affected, any of the other Secured Creditors, to concur with the Issuer in making any modification (other than in respect of a Notes Basic Terms Modification or a Certificates Basic Terms Modification) to the Notes Conditions, the Certificates Conditions and/or any other Transaction Document to which it is a party or in relation to which it holds security or enter into any new, supplemental or additional documents that the Issuer considers necessary in order to enable the Issuer to subject to the certain requirements as set out in Condition 11(e) (*Modification and Waiver*) and Condition 11(f) (*Modification and Waiver in relation to the Reference Rate*):

- (a) comply with any requirements which apply to it under EMIR;
- (b) considers necessary in order to enable the Issuer to comply with any obligation which applies to it under the Securitisation Regulation, including as a result of the adoption of regulatory or implementing technical standards in relation to the Securitisation Regulation or any other legislation or regulations or official guidance in relation thereto;
- (c) considers necessary in order to facilitate the appointment of a replacement Servicer appointed by the Issuer in accordance with the terms of the Servicing Agreement;
- (d) considers necessary in order to facilitate the appointment of a replacement Cash Administrator appointed by the Issuer in accordance with the terms of the Cash Administration Agreement;
- (e) change the Reference Rate or the benchmark rate that then applies in respect of the Notes to an Alternative Benchmark Rate; and
- (f) a Swap Rate Modification.

Any such modifications permitted above shall be binding on the Noteholders, Certificateholders or other Secured Creditors and, unless the Trustee otherwise agrees, the Issuer shall cause such modification to be notified to the Noteholders and Certificateholders as soon as practicable thereafter in accordance with Notes Condition 13 (*Notice to Noteholders*) and Certificates Condition 11 (*Notice to Certificateholders*). So long as the Rated Notes, or any of them, are rated by the Rating Agencies the Issuer shall notify each of the Rating

Agencies of any modification made by it in accordance with the above as soon as reasonably practicable thereafter.

The Trustee shall not be obliged to agree any modification permitted by the Trust Deed, the Notes Conditions, the Certificates Conditions or any other Transaction Document which (in the sole opinion of the Trustee) would have the effect of: (x) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction; or (y) increasing the obligations or duties, or decreasing the protections of the Trustee in the Transaction Documents, the Trust Deed and/or the Conditions.

**Communication with Noteholders .....**

Any notice to be given by the Issuer or the Trustee to Noteholders shall be given in the following manner:

- (a) for so long as the Notes are in global form:
  - (i) through the regulated information service maintained or recognised by Euronext Dublin (and any notice containing material, non-public information will be given in this manner); and
  - (ii) by delivery to Euroclear and/or Clearstream, Luxembourg for communication by them to their participants and for communication by such participants to entitled account holders; and
  - (iii) by delivery to the electronic communications systems maintained by Bloomberg L.P. for publication on the relevant page for the Notes (or such other medium for electronic display of data as may be approved in writing by the Trustee); or
- (b) if the Notes are in definitive form, if published in a leading daily newspaper printed in the English language and with general circulation in Ireland (which is expected to be *The Irish Times*).

A copy of each notice given in accordance with Notes Condition 13 (*Notice to Noteholders*) will be provided to (for so long as any Rated Note is outstanding) the Rating Agencies.

The Issuer will give notice to the Noteholders in accordance with Notes Condition 13 (*Notice to Noteholders*) of any additions to, deletions from or alterations to such methods from time to time.

**Provision of Information to the Noteholders .....**

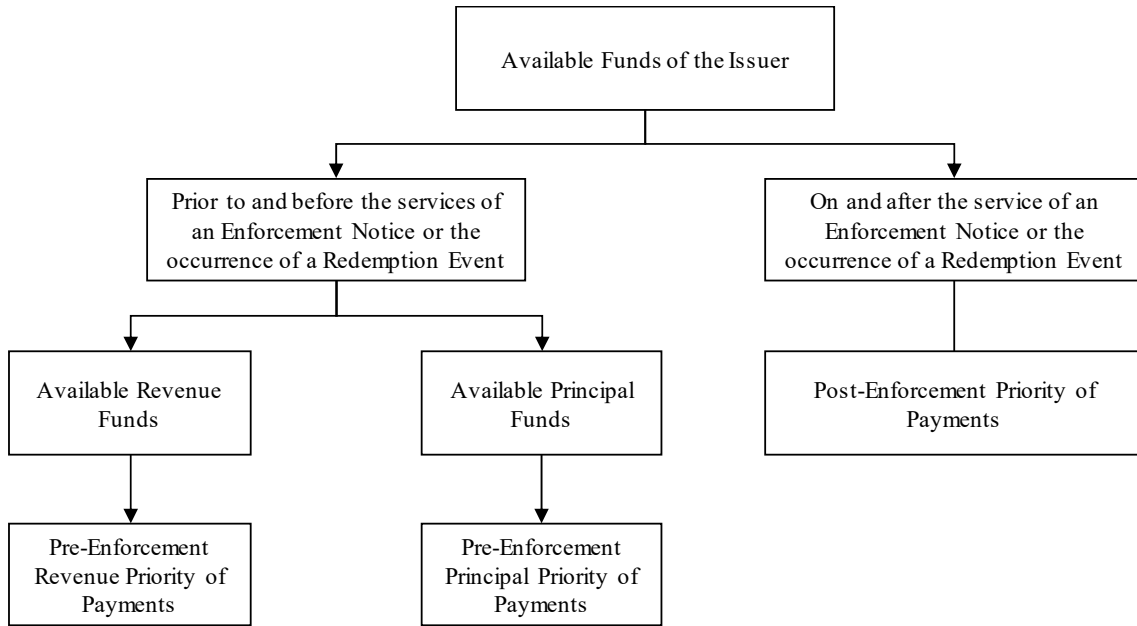
Information in respect of the underlying Mortgage Pool will be provided to the investors on an ongoing basis. See the section entitled "*General Information*" for further information.

**Rating Agency Confirmation**

The implementation of certain matters will, pursuant to the Transaction Documents, be subject to (i) the receipt of written confirmation from each Rating Agency that the implementation of such matters would not result in the then current ratings of each Class of Notes rated thereby being qualified, downgraded or withdrawn or (ii) certification in writing from the Issuer to the Trustee that the Issuer has been unable to obtain such written confirmation but that the Rating Agencies then rating the Notes have been informed of the implementation of such matters and none of such Rating Agencies have indicated that the implementation of such matters would result in a qualification, downgrade or withdrawal of the then current ratings of each Class of Rated Notes.

**OVERVIEW OF CREDIT STRUCTURE AND CASH FLOW**

Please refer to sections entitled "*Credit Structure*" and "*Servicing of the Mortgage Pool and Cash Management*" for further detail in respect of the credit structure and cash flows of the transaction.



**Available Funds of the Issuer** The Issuer expects to have Available Revenue Funds and Available Principal Funds for the purposes of making interest and principal payments under the Notes and the other Transaction Documents.

**Summary of Priority of Payments** ..... The Available Revenue Funds and the Available Principal Funds will be distributed as follows:

AVAILABLE REVENUE FUNDS	AVAILABLE PRINCIPAL FUNDS	ALL FUNDS (including on Final Maturity date and early redemption)
Pre-Enforcement Revenue Priority of Payments	Pre-Enforcement Principal Priority of Payments	Post-Enforcement Priority of Payments
Trustee Appointee and Receiver fees and expenses	Prior to the Initial LRF Funding Date, Liquidity Reserve funding the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount	Trustee, Appointee and Receiver fees and expenses
Fees payable to the Servicer, Servicer Facilitator, Legal Title Holder, Cash Administrator, Cash Administrator Facilitator, the Agents, the Agent Bank, the Account Bank, the Collection Account Provider, the Corporate Services Provider, any Custodian and any Liquidation Agent	Principal Addition Amounts	Fees payable to the Servicer, Servicer Facilitator, Legal Title Holder, Cash Administrator, Cash Administrator Facilitator, the Agents, the Agent Bank, the Account Bank, the Collection Account Provider, the Corporate Services Provider, any Custodian, and any Liquidation Agent
Audit fees and company secretarial expenses	A Notes Principal Amount	Issuer Profit

AVAILABLE REVENUE FUNDS	AVAILABLE PRINCIPAL FUNDS	ALL FUNDS (including on Final Maturity date and early redemption)
Issuer Profit	B Notes Principal Amount	Amounts due to Interest Rate Swap Counterparties (other than Swap Subordinated Amounts and Swap Excluded Payable Amounts)
Amounts due to Interest Rate Swap Counterparty (other than Swap Subordinated Amounts and Swap Excluded Payable Amounts)	C Notes Principal Amount	<i>Pro rata and pari passu</i> A Notes interest and principal
Interest on A Notes	D Notes Principal Amount	<i>Pro rata and pari passu</i> B Notes interest and principal
After the Initial LRF Funding Date, funding the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount and credit the Liquidity Reserve Deficiency Ledger	E Notes Principal Amount	<i>Pro rata and pari passu</i> C Notes interest and principal
A Principal Deficiency Ledger	F Notes Principal Amount	<i>Pro rata and pari passu</i> D Notes interest and principal
Interest on B Notes	G Notes Principal Amount	<i>Pro rata and pari passu</i> E Notes interest and principal
B Principal Deficiency Ledger	<i>Pro rata and pari passu</i> all remaining receipts to the Certificateholders	<i>Pro rata and pari passu</i> F Notes interest and principal
Interest on C Notes		<i>Pro rata and pari passu</i> G Notes interest and principal
C Principal Deficiency Ledger		<i>Pro rata and pari passu</i> X Notes interest and principal
Interest on D Notes		<i>Pro rata and pari passu</i> Z Notes interest and principal
D Principal Deficiency Ledger		Swap Subordinated Amounts
Interest on E Notes		Excess Servicing Fee
E Principal Deficiency Ledger		Audit fees and company secretarial expenses. Other senior expenses incurred by the Issuer (including Cash Administration Fee and fees payable to Agents)
Interest on F Notes		<i>Pro rata and pari passu</i> all remaining receipts to the Certificateholders

AVAILABLE REVENUE FUNDS	AVAILABLE PRINCIPAL FUNDS	ALL FUNDS (including on Final Maturity date and early redemption)
F Principal Deficiency Ledger		
General Reserve Fund		
Interest on the G Notes		
G Principal Deficiency Ledger		
Interest on X Notes		
Interest on Z Notes		
Redemption of X Notes until fully redeemed		
Redemption of Z Notes until fully redeemed		
Swap Subordinated Amounts		
Excess Servicing Fee		
On any Interest Payment Date after the Mortgage Pool Option Date Additional Available Principal Funds		
<i>Pro rata and pari passu</i> all remaining receipts to the Certificateholders		

Full details of the Pre-Enforcement Revenue Priority of Payments are set out in Notes Condition 2(c) (*Pre-Enforcement Revenue Priority of Payment*). Full details of the Pre-Enforcement Principal Priority of Payments are set out in Notes Condition 5(b) (*Mandatory Redemption of the Notes*). Full details of the Post-Enforcement Priority of Payments are set out in Notes Condition 2(d) (*Post-Enforcement Priority of Payments*).

**General Credit Structure.....** The general credit structure of the transaction includes the following elements:

- (a) prior to the service of an Enforcement Notice, the availability of the General Reserve Fund in the event there is a Shortfall. The General Reserve Fund will be initially funded on the Issue Date by part of the proceeds of the X Notes and the proceeds from the Z Notes in an amount equal to the General Reserve Fund Required Amount;
- (b) prior to the service of an Enforcement Notice, amounts standing to the credit of the Liquidity Reserve Fund to make

up any Revenue Shortfall in respect of senior expenses and the A Notes. See the section entitled "*Credit Structure – Application of the General Reserve Fund and the Liquidity Reserve Fund and Principal Additional Amounts – Shortfall, Revenue Shortfall and Further Revenue Shortfall*" below for limitations on availability of the use of the Liquidity Reserve Fund; and

- (c) prior to the service of an Enforcement Notice, the availability of any Principal Addition Amounts in the event that there is a Further Revenue Shortfall in respect of senior expenses and the A Notes and (if the A Notes have been redeemed in full) the relevant item corresponding to the payment of amounts (other than in respect of principal) in respect of the then Most Senior Class; and
- (d) availability of the Pre-Funding Reserves (if funded on the Issue Date) to fund the purchase of Additional Loans by the Issuer on any date from and including the Issue Date up to and including the Final Additional Loan Purchase Date.

**General Reserve Fund .....** The General Reserve Fund will, on the Issue Date be funded by part of the proceeds of the X Notes and the proceeds from the Z Notes in an amount equal to the General Reserve Fund Required Amount.

**Liquidity Reserve Fund .....** The Issuer will establish on the Issue Date the Liquidity Reserve Fund and is required to maintain an amount equal to the Liquidity Reserve Fund Required Amount.

On each Interest Payment Date following the Issue Date, the Issuer will fund the Liquidity Reserve Fund utilising Available Principal Funds in accordance with the Pre-Enforcement Principal Priority of Payments until the Initial LRF Funding Date and thereafter the Liquidity Reserve Fund shall be funded on each Interest Payment Date utilising Available Revenue Funds in accordance with the Pre-Enforcement Revenue Priority of Payments.

**Application of the Reserve Funds and Principal Addition Amounts .....** Where there is a Shortfall, the Issuer shall first pay or provide for that Shortfall to the extent of such Shortfall by drawing amounts from the General Reserve Fund and applying them as Available Revenue Funds.

Thereafter, if there remains a Revenue Shortfall, the Issuer shall pay or provide for that Revenue Shortfall to the extent of such Revenue Shortfall by drawing amounts from the Liquidity Reserve Fund and applying such amounts as Available Revenue Funds to certain items in the Pre-Enforcement Revenue Priority of Payments.

Thereafter, if there remains a Further Revenue Shortfall, the Issuer shall pay or provide for such Further Revenue Shortfall to the extent of such Further Revenue Shortfall by applying Principal Addition Amounts as Available Revenue Funds to certain items in the Pre-Enforcement Revenue Priority of Payments.

**Liquidity Reserve Deficiency Ledger.....** The Cash Administrator shall maintain a Liquidity Reserve Deficiency Ledger which shall record as a credit any amounts paid pursuant to item (vii)(B) of the Pre-Enforcement Revenue Priority of Payments and as a debit any amounts used to pay or provide for a Revenue Shortfall.

**Principal Deficiency Ledger .** The Principal Deficiency Ledger comprises sub-ledgers, known as the

A Principal Deficiency Ledger, the B Principal Deficiency Ledger, the C Principal Deficiency Ledger, the D Principal Deficiency Ledger, the E Principal Deficiency Ledger, the F Principal Deficiency Ledger and the G Principal Deficiency Ledger. These ledgers will be established to record as a debit (i) any Realised Losses and/or (ii) the application of any Principal Addition Amounts to meet a Further Revenue Shortfall.

For further information on the Principal Deficiency Ledger see section "*Credit Structure – Principal Deficiency Ledger*".

**Collection Account .....** All Revenue Collections and Principal Collections are received by the Legal Title Holder in the Collection Account.

On or about the Issue Date the Legal Title Holder will declare a trust in favour of the Issuer over amounts credited to the Collection Account to the extent that such amounts relates to the Loans in the Mortgage Pool.

The Servicer will operate the Collection Account.

The Servicer is obliged to transfer collections in respect of the Loans standing to the credit of the Collection Account to the Transaction Account on a daily basis and by no later than close of business on the Business Day immediately following receipt of all amounts in cleared funds received by the Collection Account Provider and credited to the Collection Account in respect of the Mortgages, provided that this obligation applies only where the amount of such transfer from the Collection Account would equal or exceed £20,000 (as set out in the Collection Account Agreement).

## TRIGGERS TABLES

### Rating Triggers Table

Transaction Party	Required Ratings/Triggers	Possible effects of Trigger being breached include the following:
<b>Account Bank and Swap Collateral Account Bank</b>	<p>(a) a long-term, unsecured and unsubordinated debt or counterparty ratings of at least A by S&amp;P;</p> <p>(b) the higher of (i) one rating notch below the Account Bank's long-term critical obligations rating ("<b>COR</b>") being at least A by DBRS, and (ii) the rating of the Account Bank's long-term, senior, unsecured, unsubordinated and unguaranteed debt obligations being at least A by DBRS provided that if the Account Bank is not rated by DBRS, at least a DBRS Equivalent Rating; and</p> <p>(c) alternatively to each of the above, such other ratings that are consistent with the then published criteria of the relevant Rating Agency as being the minimum ratings that are required to support the then rating of the Most Senior Class,</p> <p>(the "<b>Account Bank Minimum Rating</b>")</p>	<p>If the Account Bank fails to maintain any of the Account Bank Minimum Ratings, then the Issuer (with the assistance of the Cash Administrator where applicable) shall, within 30 calendar days of such downgrade:</p> <p>(a) close the Issuer Accounts with such Account Bank and use all reasonable endeavours to open replacement accounts with a financial institution (i) having the Account Bank Minimum Ratings and (ii) which is a bank as defined in section 991 of the Income Tax Act 2007;</p> <p>(b) use all reasonable endeavours to obtain a guarantee of the obligations of such Account Bank under the Bank Agreement from a financial institution which has the Account Bank Minimum Ratings; or</p> <p>(c) take any other reasonable action as the Rating Agencies may agree will not result in a downgrade of the Notes, in each case as prescribed in the Bank Agreement, and transfer amounts standing to the credit of relevant Issuer Accounts and all Ledgers on the relevant Issuer Accounts to the replacement Issuer Accounts.</p>
<b>Collection Account Provider</b>	<p>(a) a long-term, unsecured, unguaranteed and unsubordinated debt rating of at least BBB by S&amp;P; or</p> <p>(b) a long-term critical obligations rating of at least BBB (low) by DBRS or, if a COR is not available on the Collection Account Provider, an issuer If the Collection Account rating or a long-term unsecured, senior unsecured debt rating of BBB (low) by DBRS (either by way of a public rating or, in its absence, by way of a private rating supplied by DBRS),</p>	<p>If the Collection Account Provider fails to maintain the Required Ratings as set out in this section "<b>Triggers Tables</b>" (the "<b>Collection Account Rating Agency Required Ratings</b>") from at least one of the Rating Agencies (such failure a "<b>Collection Account Provider Downgrade Event</b>"), the Issuer will use its commercially reasonable endeavours to procure that the Collection Account shall be transferred to another institution authorised under FSMA which has the Collection Account Rating Agency Required Ratings or to procure the opening of replacement Collection Account with another institution</p>



<b>Transaction Party</b>	<b>Required Ratings/Triggers</b>	<b>Possible effects of Trigger being breached include the following:</b>
	<p>provided that if the Collection Account Provider is not rated by DBRS, at least a DBRS Equivalent Rating; or</p> <p>(c) such other lower rating which is consistent with the then current rating methodology of the relevant Rating Agency in respect of the then current ratings of the Rated Notes,</p> <p>(the "<b>Collection Account Bank Rating</b>").</p>	<p>authorised under FSMA which has the Collection Account Rating Agency Required Ratings within a period not exceeding 60 calendar days (or such longer period as the Trustee and the Rating Agencies may agree) from the date on which such downgrade occurs and the Collection Account Provider will, at the request and cost of the Issuer, use its commercially reasonable endeavours to assist with the same.</p>
<b>Swap Counterparty</b>	<p><b>S&amp;P long-term and short-term unsecured, unsubordinated and unregulated debt rating requirements</b></p> <p>S&amp;P Global Ratings' 'Counterparty Risk Framework: Methodology And Assumptions', (published on 8 March 2019) permit four different options for selecting applicable frameworks containing transfer ratings triggers, and the contractual requirements that should apply on the occurrence of breach of a transfer ratings trigger by the Swap Counterparty (the S&amp;P Framework, as defined and set out in the Swap Agreement). Subject to certain conditions specified in the Swap Agreement, the Swap Counterparty may change the applicable S&amp;P Framework by written notice to the Issuer and S&amp;P. The S&amp;P "Strong" Framework is expected to apply on the Issue Date.</p> <p>Neither the Swap Counterparty (or its successor or permitted transferee) nor any Credit Support Provider from time to time in respect of the Swap Counterparty has a long-term rating or resolution counterparty rating at least:</p> <ul style="list-style-type: none"> <li>• "A-" (if S&amp;P Framework "Strong", applies at the relevant time);</li> <li>• "A-" (if S&amp;P Framework "Adequate" applies at the relevant time);</li> <li>• "A" (if S&amp;P Framework "Moderate" applies at the relevant time);</li> </ul> <p>(an "<b>Initial S&amp;P Rating Event</b>").</p>	<p>Subject to the terms of the Swap Agreement, the consequences of breach is that, if S&amp;P Framework "Strong", "Adequate" or "Moderate" applies at the relevant time, the Swap Counterparty will be obliged to (a) post collateral and may (b) (i) procure a transfer to an eligible replacement of the obligations under the Swap Agreement or (ii) procure a guarantee from an eligible guarantor in respect of its obligations, under the Swap Agreement or (iii) take such other action as required to maintain or restore the rating of the Rating Notes by S&amp;P.</p> <p>It is expected that Replacement Option S&amp;P Moderate applies on the Issue Date</p>

<b>Transaction Party</b>	<b>Required Ratings/Triggers</b>	<b>Possible effects of Trigger being breached include the following:</b>
	<p>Neither the Swap Counterparty (or its successor or permitted transferee) nor any Credit Support Provider from time to time in respect of the Swap Counterparty has a long-term rating or resolution counterparty rating at least:</p> <ul style="list-style-type: none"> <li>• "BBB+" (if S&amp;P Framework "Strong", applies at the relevant time);</li> <li>• "A-" (if S&amp;P Framework "Adequate" applies the relevant time);</li> <li>• "A" (if S&amp;P Framework "Moderate" applies at the relevant time);</li> <li>• "A+" (if S&amp;P Framework "Weak" applies at the relevant time)</li> </ul>	<p>and that consequently the Initial S&amp;P Rating Event will not apply.</p> <p>Subject to the terms of the Swap Agreement, the consequences of breach is that the Swap Counterparty will be obliged to (a) use commercially reasonable efforts to take one of the following actions: (i) to procure a transfer to an eligible replacement of its obligations under the Swap Agreement or (ii) procure a guarantee from an eligible guarantor in respect of its obligations under the Swap Agreement or (iii) take such other action as required to maintain or restore the Ratings of the Notes by S&amp;P and (b) (other than if S&amp;P Framework "Weak" applies) as long as the remedial actions of limb (a) have not been put into place, to post or continue to post collateral.</p> <p>A failure by the Swap Counterparty to take such steps will, in certain circumstances allow the Issuer to terminate the Swap Agreement.</p>
	<p>in each case a "<b>Subsequent S&amp;P Rating Event</b>").</p>	
	<p><b>DBRS required ratings</b></p> <p>Long term Critical Obligation Rating being at least A by DBRS (or, if no such rating is published by DBRS, then the corresponding DBRS equivalent rating).</p>	<p>Subject to the terms of the Swap Agreement, the consequence of a breach is that the Swap Counterparty will be obliged (a) to post collateral in accordance with the terms of the Swap Agreement; or (b) to procure a transfer to an eligible replacement of its obligations under the Swap Agreement; or (c) to procure a guarantee from an eligible guarantor in respect of its obligations under the Swap Agreement; or (d) to take such other action (which could include taking no action) as will result in the rating of the Most Senior Class of Rated Notes following the taking of such action being maintained at, or restored to, the level at which it was immediately prior to the relevant ratings event.</p>
	<p>Long-term Critical Obligation Rating being at least BBB by DBRS (or, if no such rating is published by DBRS, then the corresponding DBRS equivalent rating).</p>	<p>Subject to the terms of the Swap Agreement, the consequence of a breach is that the Swap Counterparty will be obliged (a) to continue to post collateral and (b) to use commercially reasonable efforts (i) to procure a transfer to an eligible replacement of its obligations under the Swap Agreement or (ii) to procure a guarantee from an eligible</p>

<b>Transaction Party</b>	<b>Required Ratings/Triggers</b>	<b>Possible effects of Trigger being breached include the following:</b>
		guarantor in respect of its obligations under the Swap Agreement or (iii) to take such other action (which could include taking no action) as will result in the rating of the Most Senior Class of Rated Notes following the taking of such action being maintained at, or restored to, the level at which it was immediately prior to the relevant ratings event.

#### Non-Rating Triggers Table

<b>Nature of Trigger</b>	<b>Description of Trigger</b>	<b>Consequence of Trigger</b>
Perfection Events	<p>The occurrence of any of the following:</p> <p>(a) the Trustee giving notice that it has determined that the Charged Property or any part thereof is in jeopardy (including due to the possible insolvency of one or more of the Seller or the Legal Title Holder);</p> <p>(b) any action is taken for the winding-up, dissolution or reorganisation (other than on solvent grounds) of the Seller or Legal Title Holder;</p> <p>(c) the Issuer, the Trustee, the Seller or the Legal Title Holder becoming obliged to effect any such assignment or assignation and/or notice by an order or decree of any court having jurisdiction or by law or by a mandatory requirement of any regulatory authority having jurisdiction; or</p> <p>(d) a Servicer Termination Event.</p>	The Issuer (prior to the delivery of an Enforcement Notice) or, following the delivery of an Enforcement Notice, the Trustee may decide that the Borrowers be notified of the sale of the Loans to the Issuer and legal title to the Mortgage Pool be transferred to the Issuer or its nominee (other than in the case of a perfection event whereby only legal title to the affected Loan will be transferred to the Issuer).
Cash Administrator Termination Events	<p>The occurrence of any of the following:</p> <p>(a) default is made by the Cash Administrator in the giving of a payment instruction, on the due date, in respect of any</p>	If a Cash Administrator Termination Event occurs the Issuer or following the service of an Enforcement Notice, the Trustee may deliver a notice in writing of such Termination Event to the Cash Administrator and the Cash Administrator Facilitator (with a copy to the Issuer or the Trustee (as the case may be)) terminate the

Nature of Trigger	Description of Trigger	Consequence of Trigger
	<p>payment due and payable by it under the Cash Administration Agreement (provided that in each case there are funds available for such payment standing to the credit of the relevant Bank Accounts) and such default continues unremedied for a period of five Business Days after receipt by the Cash Administrator of written notice from the Issuer or (following the service of an Enforcement Notice) the Trustee, as the case may be, requiring the same to be remedied; or</p> <p>(b) default is made by the Cash Administrator in the performance or observance of any of its material covenants and obligations under the Cash Administration Agreement and such default continues unremedied for a period of 30 Business Days after the receipt by the Cash Administrator of a written notice from the Issuer (prior to the service of an Enforcement Notice) or the Trustee (after the service of an Enforcement Notice) requiring the same to be remedied;</p> <p>(c) it is or will become unlawful for the Cash Administrator to perform or comply with any of its obligations under the Cash Administration Agreement or under any other Transaction Document; or</p> <p>(d) an Insolvency Event in respect of the Cash Administrator.</p>	<p>appointment of the Cash Administrator under the Cash Administration Agreement. Upon being so notified, the Cash Administrator Facilitator shall use reasonable endeavours to identify and select a replacement Cash Administrator within 30 calendar days of the occurrence of the applicable Cash Administrator Termination Event and provide details of the Proposed Replacement Cash Administrator to the Issuer and the Trustee. Promptly upon being notified of the identity of the Proposed Replacement, the Issuer shall appoint the Proposed Replacement Cash Administrator as Cash Administrator on substantially the same terms as set out herein, <b>provided however that</b> any such appointment shall be subject to the prior written consent of the Trustee and to the condition that a Rating Agency Confirmation is obtained.</p>
<p>Servicer Termination Events</p>	<p>The occurrence of any of the following:</p>	<p>If a Servicer Termination Event occurs the Issuer (with the consent of the Trustee) or (following the service of an Enforcement</p>

<u>Nature of Trigger</u>	<u>Description of Trigger</u>	<u>Consequence of Trigger</u>
	(a) default by the Servicer in the performance of its covenants and obligations under the Servicing Agreement and the Trustee considers such default to be materially prejudicial to the interests of the holders of the Most Senior Class;	Notice) the Trustee shall (as soon as practicable after such event has come to its attention) give notice in writing to the Servicer Facilitator of such occurrence and request it to identify and select a replacement Servicer. Upon being so notified, the Servicer Facilitator shall use reasonable endeavours to identify and select a replacement Servicer within 30 calendar days of the occurrence of the applicable Servicer Termination Event and provide details of the Proposed Replacement Servicer to the Issuer and the Trustee. Promptly upon being notified of the identity of the Proposed Replacement Servicer, the Issuer shall appoint the Proposed Replacement Servicer as Servicer on substantially the same terms as set out herein, <b>provided however that</b> any such appointment shall be subject to the prior written consent of the Trustee and to the condition that a Rating Agency Confirmation is obtained.
	(b) certain insolvency events of the Servicer;	
	(c) an Enforcement Notice is given and the Trustee is of the opinion that the continuation of the appointment of the Servicer is materially prejudicial to the interests of the holders of the Most Senior Class; or	
	(d) the occurrence of a Perfection Event.	

## FEES

The following table sets out the ongoing fees to be paid by the Issuer to the Transaction Parties.

<u>Type of Fee</u>	<u>Amount of Fee</u>	<u>Priority in Cashflow</u>	<u>Frequency</u>
<p>Servicing Fee (payable to the Servicer in respect of the performance of the Services during the Determination Period immediately preceding the relevant Determination Date) comprising:</p> <p>(a) Base Fee:</p> <p>(b) Arrears Fee</p>	<p>An amount equal to:</p> <p>(i) in respect of the first Determination Period, an amount (inclusive of VAT, if any) equal to 0.20 per cent. multiplied by the Principal Amount Outstanding of the aggregate of the Senior Notes as at the Issue Date multiplied by the number of days in the first Determination Period divided by 365; or</p> <p>(ii) in respect of each Determination Period following the first Determination Period, and an amount (inclusive of VAT, if any) equal to 0.20 per cent. multiplied by the Principal Balance of the Loans in the Mortgage Pool as at the first day of the applicable Determination Period multiplied by the number of days in the Determination Period divided by 365; and</p> <p>an arrears fee (in addition to the Base Fee and inclusive of VAT, if any) equal to 0.25 per cent. multiplied by the aggregate Principal Balance of the Loans in the Mortgage Pool</p>	<p>Ahead of all outstanding Notes in accordance with the Pre-Enforcement Revenue Priority of Payments, provided that any amounts in excess of the Servicing Fee Cap to be paid in accordance with item (xxvii) of the Pre-Enforcement Revenue Priority of Payments.</p>	<p>In arrears on each Interest Payment Date.</p>

Type of Fee	Amount of Fee	Priority in Cashflow	Frequency
	<p>which are 60 days or more in arrears as at the first day of the applicable Determination Period multiplied by the number of days in such Determination Period divided by 365,</p> <p>provided that the aggregate amount (inclusive of VAT) payable on each Interest Payment Date as (a) a Base Fee and (b) an Arrears Fee is subject to an overall cap equal to 0.20 per cent. multiplied by the aggregate outstanding Principal Balance of the Loans as at the last day of the relevant Determination Period (inclusive of VAT) (the "<b>Servicing Fee Cap</b>") with any remaining balance above the Servicing Fee Cap to be paid at item (xxvii) of the Pre-Enforcement Revenue Priority of Payments.</p>		
<p>Legal Title Holder Fee in relation to the duties performed by the Legal Title Holder payable to the Legal Title Holder.</p>	<p>An amount equal to:</p> <p>(i) in respect of the first Determination Period, an amount (inclusive of VAT, if any) equal to 0.02 per cent. multiplied by the Principal Amount Outstanding of the aggregate of the Senior Notes as at the Issue Date multiplied by the number of days in the first Determination Period divided by 365; and</p> <p>(ii) in respect of each Determination Period following the first Determination Period, and an amount (inclusive of VAT, if any) equal to 0.02 per cent. multiplied by the</p>	<p>Ahead of all outstanding Notes in accordance with the Pre-Enforcement Revenue Priority of Payments.</p>	<p>In arrears on each Interest Payment Date.</p>

Type of Fee	Amount of Fee	Priority in Cashflow	Frequency
	<p>Principal Balance of the Loans in the Mortgage Pool as at the first day of the applicable Determination Period multiplied by the number of days in the Determination Period divided by 365; and</p> <p>(iii) costs and expenses incurred by the Legal Title Holder in accordance with the Servicing Agreement.</p>		
Cash Administration Fee	<p>An amount equal to:</p> <p>(i) in respect of the first Determination Period, an amount (inclusive of VAT, if any) equal to 0.03 per cent. multiplied by the Principal Amount Outstanding of the aggregate of the Senior Notes as at the Issue Date multiplied by the number of days in the first Determination Period divided by 365; and</p> <p>(ii) in respect of each Determination Period following the first Determination Period, and an amount (inclusive of VAT, if any) equal to 0.03 per cent. multiplied by the Principal Balance of the Loans in the Mortgage Pool as at the first day of the applicable Determination Period multiplied by the number of days in the Determination Period divided by 365;</p>	Ahead of all outstanding Notes in accordance with the Pre-Enforcement Revenue Priority of Payments.	In arrears on each Interest Payment Date.



<u>Type of Fee</u>	<u>Amount of Fee</u>	<u>Priority in Cashflow</u>	<u>Frequency</u>
Other fees and expenses of the Issuer including Trustee, Agents, Corporate Services Provider, Servicer Facilitator, Cash Administrator Facilitator and European DataWarehouse GmbH	Estimated at £80,500 year (exclusive of VAT).	Ahead of all outstanding Notes.	Generally semi-annually, paid in advance.
Expenses related to the admission to trading of the Notes	Estimated at €12,000 (exclusive of any applicable VAT).	Not Available	On or about the Issue Date.

## USE OF PROCEEDS

The gross proceeds of the issue of the Notes are expected to amount to approximately £215,570,250 and will be applied on the Issue Date (other than in respect of the X Notes and the Z Notes):

- (a) in the purchase by the Issuer from the Seller of the Completion Mortgage Pool on the Issue Date; and
- (b) to fund the Pre-Funding Principal Reserve, which may be applied in purchasing Additional Loans on or prior to the Final Additional Loan Purchase Date.

The gross proceeds of the issue of the X Notes will be applied:

- (a) to fund the Pre-Funding Revenue Reserve which may be applied in purchasing Additional Loans on or prior to the Final Additional Loan Purchase Date;
- (b) to fund any Issuer Costs and Expenses and to pay underwriting fees and commissions;
- (c) to the extent not funded from the proceeds of the Notes (other than the X Notes and the Z Notes):
  - (i) in the purchase by the Issuer from the Seller of the Completion Mortgage Pool on the Issue Date; and
  - (ii) to fund the Pre-Funding Principal Reserve, which may be applied in purchasing Additional Loans on or prior to the Final Additional Loan Purchase Date;
- (d) to the extent not funded from the entire proceeds of the Z Notes, to partially fund the General Reserve Fund up to the General Reserve Fund Required Amount; and
- (e) in payment to the Certificateholders on the Issue Date of any excess proceeds not used under paragraphs (a), (b), (c) and (d) above (the "**Excess X Note Proceeds**").

The gross proceeds of the issue of the Z Notes will be applied to partially fund the General Reserve Fund up to the General Reserve Fund Required Amount.

## THE ISSUER

### Introduction

The Issuer was incorporated and registered under the laws of England and Wales under the Companies Act 2006 with limited liability as a public limited company on 5 June 2019 (registered number 12035334). The issued share capital of the Issuer comprises 50,000 ordinary shares of £1.00 each (one of which is fully paid and 49,999 of which are one quarter paid up) held by Genesis Mortgage Funding 2019-1 Parent Limited (the "**Parent**"). The entire issued share capital of the Parent is held on trust by Intertrust Corporate Services Limited under the terms of a share trust deed. The Issuer has no subsidiaries.

### Directors

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

<b>Name</b>	<b>Address</b>	<b>Principal Activities/Position</b>
Intertrust Directors 1 Limited	35 Great St. Helen's, London EC3A 6AP, United Kingdom	Corporate Director
Intertrust Directors 2 Limited	35 Great St. Helen's, London EC3A 6AP, United Kingdom	Corporate Director
Sue Abrahams	35 Great St. Helen's, London EC3A 6AP, United Kingdom	Director

The directors of Intertrust Directors 1 Limited and Intertrust Directors 2 Limited and their respective occupations are:

<b>Name</b>	<b>Business Address</b>	<b>Business Occupation</b>
Sue Abrahams	35 Great St. Helen's, London EC3A 6AP	Director
Helena Whitaker	35 Great St. Helen's, London EC3A 6AP	Director
Clive Short	35 Great St. Helen's, London EC3A 6AP	Director
Michelle O'Flaherty	35 Great St. Helen's, London EC3A 6AP	Director
Andrea Williams	35 Great St. Helen's, London EC3A 6AP	Director

The company secretary of the Issuer is Intertrust Corporate Services Limited (registered number 03920255)

The registered office of the Issuer is at 35 Great St. Helen's, London EC3A 6AP, United Kingdom.

The telephone number of the Issuer is +44 (0) 207 398 6300.

The accounting reference date of the Issuer is 30 June.

### Activities

The Issuer has been established as a special purpose vehicle to acquire portfolios of residential mortgage loans and issue asset-backed securities. Its activities will be restricted by the terms and conditions of the Transaction Documents and will be limited to the issue of the Notes and the Certificates, the ownership of the Loans and their Collateral 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 Loans; (b) the operation of arrears procedures and (c) the enforcement of Loans and their Collateral Security against Borrowers in default. Substantially all of the above activities will be carried on by the Servicer on an agency basis under the Servicing Agreement. In respect of certain specified items, such as the discretionary, as opposed to the

procedural, aspects of the enforcement of Loans and their Collateral Security against Borrowers in default and other discretionary matters, the Issuer has delegated certain decision making powers to the Legal Title Holder pursuant to the Servicing Agreement. Additionally, the Cash Administrator (as set out in the Cash Administration Agreement) will provide cash management services to the Issuer pursuant to the Cash Administration Agreement. The Issuer may terminate the appointment (and, simultaneously, the rights) of the Servicer or the Cash Administrator upon the occurrence of certain events of default or insolvency or similar events in relation to the Servicer or the Cash Administrator or, in certain circumstances, following an Event of Default in relation to the Notes or Certificates. Following such an event as aforesaid, the Issuer (with the consent of the Trustee) or the Trustee may, subject to certain conditions, appoint substitute administrators.

In relation to the appointment of a replacement Servicer, the Servicer Facilitator will, pursuant to the terms of the Servicing Agreement, use reasonable endeavours to identify and select a replacement Servicer within 30 calendar days of the occurrence of the applicable Servicer Termination Event and provide details of the Proposed Replacement Servicer to the Issuer and the Trustee. Promptly upon being notified of the identity of the Proposed Replacement Servicer, the Issuer shall appoint the Proposed Replacement Servicer as Servicer on substantially the same terms as set out herein, **provided however that** any such appointment shall be subject to the prior written consent of the Trustee and to the condition that a Rating Agency Confirmation is obtained.

In relation to the appointment of a replacement Cash Administrator, the Issuer or (following the service of an Enforcement Notice), the Trustee shall use reasonable endeavours to identify and select a replacement Cash Administrator within 30 calendar days of the occurrence of the applicable Cash Administrator Termination Event and provide details of the Proposed Replacement Cash Administrator to the Issuer and the Trustee. Promptly upon being notified of the identity of the Proposed Replacement Cash Administrator, the Issuer shall appoint the Proposed Replacement Cash Administrator as Cash Administrator on substantially the same terms as set out herein, **provided however that** any such appointment shall be subject to the prior written consent of the Trustee and to the condition that a Rating Agency Confirmation is obtained.

Since its incorporation, the Issuer has not produced any accounts and has not engaged in any material activities other than those incidental to its registration as a public company, the authorisation of the issue of the Notes and Certificates, the matters contemplated in this Prospectus, the authorisation of the Transaction Documents referred to in this Prospectus in connection with the issue of the Notes, the Certificates and other matters which are incidental or ancillary to those activities. The Issuer has no employees.

### **Issuer profit**

Funds are to be applied on each Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments and, after the service of an Enforcement Notice, the Post-Enforcement Priority of Payments in an amount of £5,250 on each Interest Payment Date up to the Interest Payment Date falling in September 2020 and £1,500 on each Interest Payment Date falling thereafter for retention by the Issuer and to be recognised in the accounts of the Issuer as profit for the relevant accounting year. Any such amount so applied shall be credited to the Issuer Profit Ledger and applied in satisfaction of the Issuer's obligations in respect of United Kingdom corporation tax and in payment of dividends.

### **Capitalisation loan and repayment thereof**

In order to enable the Parent to acquire the shares in the share capital of the Issuer, the Parent has received a limited recourse loan from the Share Trustee in an amount of £12,500.75. It is intended that such loan will be repaid with an amount received by the Parent by way of dividend on the shares it holds in the Issuer which the Issuer is expected to declare and pay with the Issuer Profit.

### **Auditors**

The independent auditor of the Issuer is PricewaterhouseCoopers LLP whose office is located at The Maurice Wilkes Building, St John's Innovation Park, Cambridge, CB4 0DS.

## CAPITALISATION STATEMENT

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

### Share Capital

	<u>£</u>
<b>Issued</b>	
50,000 ordinary shares of £1 each; comprising 1 fully paid up, 49,999 one quarter paid up.....	<u>12,500.75</u>
	<u>12,500.75</u>
<b>Borrowings</b>	
The Notes <sup>(1)</sup> .....	<u>215,570,250<sup>(2)</sup></u>
<b>Total Capitalisation</b> .....	<u><u>215,582,750.75</u></u>

<sup>(1)</sup> 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.

<sup>(2)</sup> Notes issued at a discount are included at the level of issue proceeds rather than at their original principal amount.

## PARENT

Genesis Mortgage Funding 2019-1 Parent Limited ("**Parent**") was incorporated in England and Wales on 5 June 2019 (registered number 12035084) as a private limited company under the Companies Act 2006 (as amended). The registered office of the Parent is 35 Great St. Helen's, London, EC3A 6AP. The telephone number of Parent's registered office is +44 (0) 207 398 6300.

The issued share capital of Parent comprises 1 ordinary share of £1.00.

The entire beneficial interest in the share of Parent is beneficially owned by Intertrust Corporate Services Limited (the "**Share Trustee**") on a discretionary trust.

Parent holds the entire beneficial interest in the issued share capital of the Issuer.

The Seller does not own directly or indirectly any of the share capital of Parent and neither the Seller nor any company connected with the Seller can direct the Share Trustee and none of such companies has any control, direct or indirect, over Parent or the Issuer or any other similar vehicle.

The principal objects of Parent are, among other things, to acquire and hold, by way of investments or otherwise, and deal in or exploit, in such manner as may from time to time be considered expedient, all or any part of any securities or other interests of or in the Issuer or any other similar vehicle.

Parent has not engaged in any other activities since its incorporation other than those incidental to the authorising of the Transaction Documents to which it is or will be a party and other matters which are incidental to those activities. Parent has no employees.

### Directors

The directors of Parent and their respective business addresses and occupations are:

<u>Name</u>	<u>Business Address</u>	<u>Business Occupation</u>
Intertrust Directors 1 Limited	35 Great St. Helen's, London EC3A 6AP	Corporate Director
Intertrust Directors 2 Limited	35 Great St. Helen's, London EC3A 6AP	Corporate Director
Sue Abrahams	35 Great St. Helen's, London EC3A 6AP	Director

The directors of Intertrust Directors 1 Limited and Intertrust Directors 2 Limited and their respective occupations are:

<u>Name</u>	<u>Business Address</u>	<u>Business Occupation</u>
Sue Abrahams	35 Great St. Helen's, London EC3A 6AP	Director
Helena Whitaker	35 Great St. Helen's, London EC3A 6AP	Director
Clive Short	35 Great St. Helen's, London EC3A 6AP	Director
Michelle O'Flaherty	35 Great St. Helen's, London EC3A 6AP	Director
Andrea Williams	35 Great St. Helen's, London EC3A 6AP	Director

The company secretary of the Parent is Intertrust Corporate Services Limited whose registered office is at 03920255.

The accounting reference date of the Parent is 30 June.

**THE SELLER, SERVICER, ORIGINATOR, LEGAL TITLE HOLDER AND CASH ADMINISTRATOR**

Bluestone Mortgages Limited ("**BML**") will act as the Seller, Servicer, Originator, Legal Title Holder and Cash Administrator.

BML is a private limited liability company incorporated under the laws of England and Wales, registered at Companies House with company number 02305213, and has its registered office at Melbourne House, 44-46 Aldwych, London, England, WC2B 4LL.

BML is a specialist mortgage lender focused on originating and servicing mortgage loans in the UK, in both the owner occupied and buy-to-let ("**BTL**") sectors. As at 30 June 2019, it has lent approximately £325.5m in owner occupied mortgage loans and £41.9m in BTL mortgage loans since November 2015. Such mortgage loans will either be refinanced through securitisation via, amongst others, the Issuer or by sales to other third party entities, either on a forward flow basis or individual transactions from time to time.

BML is an "authorised person" approved by the FCA to carry out regulated activities (reference number: 441 255).

## **THE TRUSTEE**

Citicorp Trustee Company Limited (registered number 235914) whose registered office is at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB is classified as a limited license firm under the Client Money Rules of Financial Conduct Authority. The company offers corporate debt and project finance trustee services to issuers and borrowers in the international debt capital and financing markets.

The Trustee will not be responsible for (a) supervising the performance by the Issuer or any other party to the Transaction Documents of their respective obligations under the Transaction Documents and will be entitled to assume, until it has written notice to the contrary, that all such persons are properly performing their duties thereunder or (b) considering the basis on which approvals or consents are granted by the Issuer or any other party to the Transaction Documents under the Transaction Documents. The Trustee will not be liable to any Noteholder or other Secured Creditor for any failure to make or to cause to be made on its behalf the searches, investigations and enquiries which would normally be made by a prudent chargee in relation to the Charged Property and has no responsibility in relation to the legality, validity, sufficiency or enforceability of the Security and the Transaction Documents.



## THE SWAP COUNTERPARTY

National Australia Bank Limited (ABN 12 004 044 937) (“**NAB**”) is a public limited company incorporated in the Commonwealth of Australia and operates under Australian legislation including the Corporations Act 2001 of Australia. Its registered office is Level 1, 800 Bourke Street, Docklands, Victoria 3008, Australia.

NAB is the holding company for the NAB Group (comprising NAB and its controlled entities), as well as being the main operating company. As at 31 March 2019, the NAB Group had total assets of A\$826,943 million and total equity of A\$54,091 million.

The NAB Group is a financial services organisation with approximately 34,000 employees, operating through a network of more than 850 locations, with more than 588,000 shareholders and serving over 9 million customers. The majority of the NAB Group’s financial services businesses operate in Australia and New Zealand, with branches located in Asia, the United Kingdom (UK) and the United States (US). The principal activities of the NAB Group are banking services, credit and access card facilities, leasing, housing and general finance, international banking, investment banking, wealth management services, funds management and custodian, trustee and nominee services.

Further information on NAB and the NAB Group, including its consolidated audited financial statements and accompanying notes thereto, may be accessed through <https://www.nab.com.au/about-us/shareholder-centre/financial-disclosuresandreporting/annual-reports-and-presentations>.

As at the date of this Prospectus, the short term senior unsecured and unguaranteed obligations of NAB are rated P-1 by Moody’s, A-1+ by S&P and F1+ by Fitch and the long term senior unsecured and unguaranteed obligations of NAB are rated Aa3 by Moody’s, AA- by S&P and AA- by Fitch.

The information in the preceding five paragraphs has been provided solely by NAB for use in this Prospectus. Except for the preceding five paragraphs, NAB and the NAB Group accept no responsibility for this Prospectus.

**THE ACCOUNT BANK, THE SWAP COLLATERAL ACCOUNT BANK, THE AGENT BANK,  
THE PRINCIPAL PAYING AGENT AND THE REGISTRAR**

Citibank, N.A. is a national banking association formed through its Articles of Association obtained with its Charter 1461, 17 July 1865 and governed by the laws of the United States of America on 17 July 1865 with Charter number 1461 and having its principal business office at 388 Greenwich Street, New York, NY 10013, USA and having in Great Britain a principal branch office situated at Canada Square, Canary Wharf, London E14 5LB with a foreign company number FC001835 and branch number BR001018.

The bank is a commercial bank that, along with its subsidiaries and affiliates, offers a wide range of banking and trust services to its customers throughout the United States and the world.

The London Branch of Citibank, N.A. is authorised and regulated by the Office of the Comptroller of the Currency (USA) and authorised by the Prudential Regulation Authority.

## THE COLLECTION ACCOUNT PROVIDER

National Westminster Bank Plc ("**NatWest**") is a wholly-owned subsidiary of NatWest Holdings Limited. The ultimate holding company is The Royal Bank of Scotland Group plc ("**RBSG**"). RBSG comprises the ultimate holding company and its subsidiary and associated undertakings. The NatWest Group comprises NatWest and its subsidiary and associated undertakings. The NatWest Group serves customers across the UK and Western Europe with a range of retail and commercial banking products.

RBSG had total assets of £694 billion and owners' equity of £46 billion as at 31 December 2018. RBSG capital ratios on the end-point CRR basis as at 31 December 2018 were a total capital ratio of 21.8 per cent., a CET1 capital ratio of 16.2 per cent. and a Tier 1 capital ratio of 18.4 per cent.

NatWest Group had total assets of £310 billion and owners' equity of £20 billion as at 31 December 2018. The Bank's capital ratios on the CRR transitional basis as at 31 December 2018 were a total capital ratio of 24.5 per cent., a CET1 capital ratio of 17.4 per cent. and a Tier 1 capital ratio of 20.4 per cent.

## **THE SERVICER FACILITATOR, THE CASH ADMINISTRATOR FACILITATOR AND THE CORPORATE SERVICES PROVIDER**

Intertrust Corporate Management Limited, registered number 03920255), having its principal address at 35 Great St. Helen's, London EC3A 6AP, United Kingdom will be appointed to provide corporate services to the Issuer and Parent pursuant to the Corporate Services Agreement.

Intertrust Corporate Management Limited has served and is currently serving as corporate service provider for securitisation transactions.

The Corporate Services Provider will be entitled to terminate its respective appointment under the Corporate Services Agreement on 30 days' written notice to the Issuer, the Trustee and each other party to the Corporate Services Agreement, **provided that** a substitute corporate services provider has been appointed on substantially the same terms as those set out in the Corporate Services Agreement.

The Issuer or, following service of an Enforcement Notice, the Trustee can terminate the appointment of the Corporate Services Provider on 30 days' written notice so long as a substitute corporate services provider has been appointed on substantially the same terms as those set out in the Corporate Services Agreement.

In addition, the appointment of the Corporate Services Provider may be terminated immediately upon notice in writing given by the Issuer or, following service of an Enforcement Notice, the Trustee, if the Corporate Services Provider breaches its obligations under the terms of the Corporate Services Agreement and/or certain insolvency related events occur in relation to the Corporate Services Provider.

Intertrust Corporate Management Limited will also be appointed as (a) the Cash Administrator Facilitator pursuant to the Cash Administration Agreement, and (b) the Servicer Facilitator pursuant to the Servicing Agreement (see the section entitled "*Servicing of the Mortgage Pool and Cash Management*" for further information).

## CONSTITUTION OF THE MORTGAGE POOL

### Features of Loans

Certain features of the loans in the Provisional Completion Mortgage Pool as at the Cut-Off Date are set out in the table below and investors should refer to, and carefully consider, further details in respect of the loans in the Mortgage Pool set out in "*Characteristics of the Completion Mortgage Pool*".

<b>Type of Loan</b>	<b>Total</b>
Repayment .....	83.35%
Interest Only.....	16.65%
Self-Employed Loans .....	35.00%
Owner-Occupied .....	80.67%
Buy-to-Let.....	19.33%
Fast Track .....	0.00%
Self-Certified .....	0.00%
Charge Ranking .....	100% first charge
Bankruptcy/IVA.....	52
CCJs .....	286
Number of Loans in the Provisional Completion Mortgage Pool .....	1,102

<b>Help to Buy</b>	<b>No. of Loans</b>	<b>% of Loans</b>	<b>Balance (£)</b>	<b>% of Balance</b>
Help to Buy Loan.....	151	13.70%	31,224,975.40	15.88%

	<b>Average</b>	<b>Minimum</b>	<b>Maximum</b>
Principal Balance .....	178,434.13	46,949.35	988,557.58
Weighted Average Current LTV .....	65.94%	12.39%	85%
Weighted Average Seasoning (mths) .....	7.42	0	36.82
Weighted Average Remaining Term (mths) .....	289.78	71.80	420.23
Weighted Average Interest Rate.....	4.65%	3.23%	7.21%

## DESCRIPTION OF THE LOANS AND ELIGIBILITY CRITERIA

The Loans and their Collateral Security comprised in the Mortgage Pool were originated by BML. The Mortgage Pool will be sold to the Issuer by the Seller on relevant Purchase Date pursuant to the Mortgage Sale Agreement.

### Introduction

The following is a description of some characteristics of the Loans in the Mortgage Pool and includes details of Loan types, the underwriting process, lending criteria and selected statistical information.

As at the Cut-Off Date, the Completion Mortgage Pool had the characteristics shown below. See "*Characteristics of the Completion Mortgage Pool*".

Each Loan is subject to certain Mortgage Conditions. These contain various covenants and undertakings by the relevant Borrower including covenants to make the monthly interest payments as notified to the Borrower and to arrange buildings insurance policies cover in relation to the relevant Property. The Mortgage Conditions also contain provisions for the usual remedies of a mortgagee in the event of default by the relevant Borrower. Each of the Loans and any non-contractual obligations arising out of or in connection with them are governed by English law for English Properties, and Scottish law for Scottish Properties.

The Originator applied the same sound and well-defined criteria for credit granting which they applied to non-securitised exposures. The same clearly established processes for approving and, where relevant, amending, renewing and refinancing credits were applied. The Originator has effective systems in place to apply those criteria and processes in order to ensure that credit-granting is based on a thorough assessment of the Borrower's creditworthiness taking appropriate account of factors relevant to verifying the prospect of the Borrower meeting his obligations under the credit agreement.

On each Further Purchase Date, the Issuer may purchase the beneficial title to Additional Loans from the Seller in accordance with the Mortgage Sale Agreement and, in respect of Additional Loans that are Scottish Loans, pursuant to a Scottish Declaration of Trust.

### The Originator

The Mortgage Pool comprises Loans originated by the Originator.

Origination is completed via intermediaries registered with the Originator, and which are subject to regulatory checks by the Originator using the FCA register during the underwriting process. No individual intermediary has submitted more than 4.09% of the Originator's total originations.

### Characteristics of the Completion Mortgage Pool

#### *Owner-Occupied and Buy-to-Let Loans*

887 of the Loans in the Completion Mortgage Pool are secured by a Mortgage over a freehold, heritable or leasehold Property that is the Borrower's principal or primary residence charged as security for the repayment of the respective Loans (each such Loan a "**Owner-Occupied Loan**").

Additionally 215 of the Loans in the Completion Mortgage Pool have been taken out in relation to the purchase or re-mortgage of a property for letting purposes (each such Loan a "**Buy-to-Let Loan**"). The properties in respect of Buy-to-Let Loans, are required by the applicable Mortgage Conditions to be used for residential purposes. In England and Wales, it will normally be the intention that these Properties will be let under an assured shorthold tenancy and in all cases that the occupier will have no statutory security of tenure. However, if the occupier's tenancy has been approved by BML, the relevant Property will not be able to be sold with vacant possession, until such time as the tenancy comes to an end, if it wishes to enforce its security. In Scotland, it will normally be the intention that a Property in respect of a Buy-to-Let Loan will be let under a private residential tenancy under the Private Housing (Tenancies) (Scotland) Act 2016, which has introduced security of tenure for tenants, thus restricting a landlord's ability to regain possession of the relevant property to a number of specific grounds of eviction, one of which being that a lender or security-holder intends to sell the property and requires the tenant to leave it in order to dispose of the property with vacant possession.

15.88 per cent. of the Mortgage Loans in the Completion Mortgage Pool are Help to Buy Loans.

The Mortgage Pool does not include any Self Certified Loans, Equity Release Loans, Right to Buy Loans or Development Loans.

### ***Loans in the Completion Mortgage Pool***

On the Issue Date, the Completion Mortgage Pool is expected to consist of Fixed Rate Mortgages and Variable Rate Mortgages. Any Loan whose fixed rate interest period expires will move on to the Legal Title Holder's reversionary rate which is based on the Bluestone variable rate ("**BVR**").

Fixed Rate Mortgages are subject to a fixed rate of interest for a specified period of time (usually for 2, 3 or 5 years) and upon expiry of the fixed rate period the interest rate shall be subject to the Legal Title Holder's reversionary rate, which is based on the BVR (as determined in accordance with the relevant Mortgage Conditions). The BVR is a variable rate set by the Legal Title Holder. As at 9 am on the date hereof the BVR is 1.5%. As at 9 am on 20 August 2019, this equates to 0.78980% over Sterling Overnight Index Average ("**SONIA**"). The BVR is set in accordance with the Mortgage Conditions applicable to the relevant Loan. The interest rate committee of BML has approved an increase in the BVR to 2%. This is expected to be implemented during August 2019 and the Servicer has undertaken to take all reasonable action to implement such change in accordance with the Mortgage Conditions. Under the terms of the Servicing Agreement the Issuer and the Legal Title Holder delegate to the Servicer responsibility for determining the BVR. Taking into account the relevant factors in accordance with the applicable Mortgage Conditions, the Servicer and Legal Title Holder confirm that the BVR will be reviewed at least quarterly and will not be set at a level lower than Compounded Daily SONIA over the previous calendar month plus 1% subject to compliance at all times with Applicable Law and the applicable Mortgage Conditions.

Variable Rate Mortgages are subject to a variable rate of interest linked to the BVR for the life of the loan.

All changes to interest rates for Variable Rate Mortgages (and Fixed Rate Mortgages where the reversionary rate applies) will occur in line with the relevant Mortgage Conditions.

### ***Additional Loans***

Additional Loans are also expected to consist of Fixed Rate Mortgages and Variable Rate Mortgages.

### ***Repayment Types***

In the majority of cases, the Borrower in respect of each Loan makes monthly payments of both interest and principal so that, when the Loan matures, the full amount of the principal of the Loan advanced to the Borrower (in addition to the interest) will have been repaid (a "**Repayment Loan**").

85.30% of the Loans in the Completion Mortgage Pool are Repayment Loans.

For some Buy-to-Let Loans, the Borrower in respect of each Loan makes monthly payments of interest but not of principal so that, when the Loan matures, the entire principal amount of the Loan is still outstanding and is payable in one lump sum (an "**Interest Only Loan**").

For Interest Only Loans, because the principal is repaid in a lump sum at the maturity of the Loan, the Borrower is recommended to have some repayment mechanism (such as an investment plan) which is intended to provide sufficient funds to repay the principal at the end of the term. The ability of any particular Borrower to repay an Interest Only Loan may depend on such Borrower's ability to refinance the Property, sell the Property or obtain funds from another source (such as a pension policy, unit trust or an endowment policy). During the underwriting process, the Legal Title Holder has enquired about how the customer intends to repay the principal of the Loan at maturity. The ability of a Borrower to refinance the relevant Property will be affected by numerous factors, including the value of the Property, such Borrower's equity in the Property, the financial condition of such Borrower, tax laws and general economic conditions at the time. Moreover, the Mortgage Conditions in respect of Interest Only Loans do not require a Borrower to put in place alternative funding arrangements. The Seller does not (and in some cases cannot) take security over any investment plans or repayment mechanics.

### ***Mortgage Early Redemption Amounts***

The Borrower may be liable to pay an early repayment charge if the loan agreement states that the Borrower is liable for same (such amount being a "**Mortgage Early Redemption Amount**"). The Legal Title Holder may waive the requirement for a Mortgage Early Redemption Amount to be paid by a Borrower or revise its policy with regards the payment of Mortgage Early Redemption Amounts.

Generally, a Mortgage Early Redemption Amount is applicable to (i) Fixed Rate Mortgages for so long as the interest rate is a fixed rate of interest and (ii) Variable Rate Mortgages for the first three years of the Loan. The applicable Mortgage Early Redemption Amount typically reduces each year.

Pursuant to the terms of the Transaction Documents, an amount equal to any Mortgage Early Redemption Amounts payable to the Issuer (irrespective of any subsequent waiver or other action taken by the Servicer and/or the Legal Title Holder) will be payable to the Swap Counterparty up to an amount equal to the Early Repayment Charge Swap Amount (if any). Thereafter, any Mortgage Early Redemption Amounts received in respect of a Loan by the Issuer during a Determination Period in excess of the Early Repayment Charge Swap Amount (such amount, an "**Excess Mortgage Early Redemption Amounts**") will not be included in Available Revenue Funds but will instead be credited to the Transaction Account and paid directly to the Certificateholders on the following Interest Payment Date outside of the applicable Priority of Payments.

### ***Overpayments***

Overpayments are allowed on all products, although a Mortgage Early Redemption Amount may be payable (as described in "*Mortgage Early Redemption Amounts*" above). Borrowers may either increase their regular monthly payments above the normal monthly payment then applicable or make lump sum payments at any time. During the Mortgage Early Redemption Amount period a Borrower may make overpayments to their Loan without incurring a charge. In the first year of the Loan, overpayments are limited to no more than 10% of the amount borrowed. For each subsequent year thereafter, overpayments are limited to 10% of the balance outstanding at the start of that year.

Overpayments of capital which exceed this allowance within the Mortgage Early Redemption Amount period will incur a Mortgage Early Redemption Amount on the amount repaid over the allowance.

After the Mortgage Early Redemption Amount period has ended, Borrowers are able to make unlimited overpayments of capital at any time without incurring a Mortgage Early Redemption Amounts.

Since interest is calculated on a daily basis, if Borrowers pay more than the scheduled monthly payment, the balance on their Loan will be reduced immediately. The Legal Title Holder will charge interest on the reduced balance, which reduces the amount of interest the Borrower must pay.

### ***Further Advances***

It is the Legal Title Holder's policy to not accept requests for or implement a Further Advance, unless required by applicable law. If a Borrower wishes to borrow additional money, the Legal Title Holder would look to process the request by way of a new Loan which would go through the full underwriting process. Should the Seller or the Legal Title Holder agree to make any Further Advances on a Loan, this will result in the Seller being required to repurchase such Loan (or procure the repurchase of such Loan) from the Issuer and make a cash payment to the Issuer as consideration therefor on the Repurchase Date.

### ***Product Switches***

As at the date of this Prospectus the Legal Title Holder's policy is not to accept a request for or implement a Product Switch unless required by applicable law. If a Product Switch is implemented in respect of a Loan, the Seller will be required to repurchase the relevant Loan and its Collateral Security from the Issuer for the Repurchase Price.

### ***Retention Amounts***

The Legal Title Holder has not agreed, or in relation to Additional Loans may not agree, to advance a Retention to the Borrower of a Loan in the Mortgage Pool.



### ***Lending Criteria***

This section of the Prospectus reflects the Lending Criteria applied for originations as of the date of the Prospectus. Capitalised terms used in this section are used in respect of the Lending Criteria only, unless the context otherwise requires.

On each Purchase Date the Seller will represent that at the time of origination of each relevant Loan being sold to the Issuer, BML took reasonable steps to verify that each Loan was made in accordance with the applicable Lending Criteria in effect at the time of its origination subject only to exceptions made (i) on a case by case basis and (ii) in accordance with BML's internal policies and the standard of a Prudent Mortgage Lender. Policy and risk appetite varies in line with a number of internal and external factors, in particular expectations of the housing market and wider economy and the Legal Title Holder retains the right to revise their Lending Criteria from time to time.

### ***Type of Property***

Properties in England and Wales may be either freehold or leasehold and properties in Scotland must be heritable (being the Scottish equivalent of freehold in England and Wales) or long leasehold. Flats and maisonettes in England and Wales must be leasehold whilst flats and maisonettes are acceptable in Scotland. In the case of leasehold properties, there must be an unexpired term of at least 30 years at the end of the mortgage.

The following are examples of types of property which are deemed unacceptable as security:

- (a) *Tenure*: flying freeholds of more than 10 per cent. of the relevant floor area, commonhold property, freehold flats and leasehold property with 30 years or less remaining on the relevant lease;
- (b) *Non-Standard Construction*: the following are considered to be types of non-standard construction ("**Non-Standard Construction**"): property constructed of gypsum plaster, concrete or high alumina cement, steel framed or clad property, timber framed or clad property, concrete block property susceptible to mundic, UNI-SECO prefabricated structures and certain modern methods of construction;
- (c) *Property type*: flats with more than 5 floors and no lift, flats directly above commercial premises without one clear floor separating the flat and the commercial premises, Grade 1 listed properties, repossessed properties, properties subject to certain restrictive covenants, annexes not for immediate family use, houseboats, mobile homes, conversions, properties with ongoing structural movement, defective properties, properties affected by local planning issues, properties classified as a house in multiple occupation, caravans, static homes and properties over 40 acres; and
- (d) *Other exclusions*: holiday lets, bed and breakfast properties, properties with more than one kitchen (provided that two kitchens are permitted if one is contained in an annex) and properties affected by asbestos, leased solar panels and Japanese knotweed.

All properties have been valued by a valuer approved by the Originator to the standards of a Prudent Mortgage Lender. The minimum valuation acceptable on a property is £75,000 and the maximum is £2m.

No Loan is secured over more than one Property.

### ***Term of Loan***

The maximum term for Owner-Occupied Loans and Buy-to-Let Loans is 35 years.

### ***Details of Applicant***

All Borrowers must be natural persons and resident in England, Wales or Scotland aged 20 or over for Owner-Occupied Loans and aged 21 or over for Buy-To-Let Loans. All Borrowers must be no more than 65 years of age at the date of application of the mortgage for Owner-Occupied Loans. Each Borrower (or the primary Borrower in a joint application) must have an annual income of not less than £18,000 for both Owner-Occupied Loans and Buy-To-Let Loans.

The maximum number of applicants on any one Loan application is 4.

All persons who are to be legal owners on completion must be named as Borrowers under the Mortgage.

### ***Re-Mortgages***

BML will consider remortgages within 6 months of the date of the original purchase on a case by case basis.

### ***Loan to Value Ratio***

According to the most recent Lending Criteria, the maximum original LTV ratio of Loans is 85%. The maximum original LTV for a new build flat is 75% (plus capitalised fees). For these purposes, a new build property is a property built or converted within 12 months based on the date of completion. The maximum original LTV ratio of Loans to first time buyers is 85%.

### ***Income Multiple***

Lending to Borrowers where the Principal Balance (immediately following completion and including any capitalised fee) of each Loan is greater than 4.5 times the annual income of the relevant Borrower or Borrowers is restricted to a limit of 15% of the total lending portfolio, in line with the Bank of England (FPC) recommendations.

### ***Buy-to-Let Loans - ICR, Top-Slicing***

Buy-to-Let loan affordability may be assessed on an Interest Coverage Ratio ("**ICR**"), calculated as monthly rental income divided by the monthly instalment for 5 year fixed rate loans, or otherwise divided by the stressed monthly instalment. The stressed monthly instalment is calculated based on the higher of: (a) the product rate plus 2%, (b) the reversionary rate plus 2%, and (c) 5.5%.

The minimum ICR for basic rate tax payers is 125% and for higher rate tax payers is 140%.

If the ICR is under these figures, disposable income may be used to top up the ICR to the required levels ("**Topslicing**"). The minimum ICR to qualify for Topslicing is 112.5%. A full income and expenditure affordability calculation will be required in these cases, including a 3% stress on any residential mortgage payment with a fixed term of less than 5 years.

### ***Borrower Identification and Affordability***

The Legal Title Holder undertakes a review to establish borrower identification. The process includes electronic identification tools (supported by physical documents if required).

The Legal Title Holder has robust affordability assessments which consider the credit data of the applicants, their income and expenditure utilising statistics provided by the Office of National Statistics. The Legal Title Holder will apply an interest rate stress to mortgage payments for any Loan that is not a Fixed Rate Mortgage of at least 5 years. Applications must fully evidence their income and provide payslips (if applicable) and personal bank statements (and business bank statements if applicable).

The Legal Title Holder undertakes a full credit search and a credit risk assessment utilising information from one of the large credit reference agencies.

The Legal Title Holder has implemented various antifraud tools, including utilising software from third party independent fraud prevention and detection databases.

The Legal Title Holder undertakes an internal equality check on all cases.

### ***Credit History***

The current policy is as follows:

### ***Credit Search***

A full credit search is carried out in respect of all new applicants. The Borrower must "Opt In" to enable any individuals with a defined financial association with them to be included in the search and must meet the Legal Title Holder's minimum product criteria applicable at the time of application.

**County Court Judgements, Payment Defaults, Prior Bankruptcy and Individual Voluntary Arrangements**

The Legal Title Holder's current Lending Criteria permits lending to Borrowers who have previously had a County Court Judgement (a "CCJ", which includes the equivalent in Scotland, namely a Scottish court decree for payment), a payment default entered against them, or entered into a Bankruptcy or Individual Voluntary Arrangement ("IVA", which includes the equivalent in Scotland, namely a protected trust deed having been entered into) (together "Credit Events"). Borrowers accepted by the Legal Title Holder could have had multiple Credit Events and the permitted number of each depends on the internal credit rating that has been applied by the Legal Title Holder. Under the current Lending Criteria, the limits applied at each internal credit rating are shown in the table below:

Credit Category		Clear	AAA	AA	A	BBB
<b>Defaults</b>	<b>Number</b>	1 (satisfied) in 36 months	1 in 36 months	2 in 36 months	3 in 36 months	4 in 36 months
	<b>Values</b>	<£300 or telecom ignored (even if in last 6 months)				
	<b>Recency</b>	0 in last 6 months: >36 months ignored				
<b>CCJ's Number</b>	<b>Number</b>	0 in 36 months	1 settled in 36 months	1 in 36 months	2 in 36 months	3 in 36 months
	<b>Values</b>	<£300 or telecom ignored (even if in last 6 months)				
	<b>Recency</b>	0 in last 6 months: >36 months ignored				
<b>Mortgage/Rent Arrears Full or some of the parts</b>	<b>Number</b>	0 in 13 - 24 months	1 in 13 - 24 months	2 in 13 - 24 months	3 in 13 - 24 months	4 in 13 - 24 months
	<b>Recency</b>	0 in 12 months				
<b>Bankruptcy/DRO or IVA</b>	<b>Discharge</b>	> 6 years	> 3 years	> 3 years	> 3 years	> 3 years
<b>Unsecured Credit Arrears</b>	<b>Recency</b>	If balance above £500, most recent payment must have been made. Unacceptable if most recent 2 payments missed. Ignored if below £300				
	<b>Last 6 months</b>	Maximum of 2 missed payments allowed on each unsecured credit agreement				
<b>Debt Management Plans</b>	<b>Conduct</b>	Must be due to a life event and conduct satisfactorily				
	<b>Recency</b>	OK if still in operation and can remain				
<b>Pay Day Loans</b>	<b>Conduct</b>	Must be due to a life event and conducted satisfactorily				
	<b>Recency</b>	0 in last 12 months of date of DIP				

The consequence of a Borrower being categorised with a lower internal credit rating is a higher interest rate and in some cases a lower maximum LTV ratio when compared to Borrowers that have been assigned a higher internal credit rating.

**Valuation**

The value of the Property in connection with each Loan has been determined at origination in accordance with the standards and practices of the RICS valuation standards (including those relating to competency and required documentation) by an individual valuer who is an employee or a contractor of the firm engaged by the Originator or a firm on the panel of the firm engaged by the Originator, who is a fellow, member or associate member of RICS. The individual valuer's compensation is not affected by the approval or non-approval of the Loan. The panel of valuers is maintained by the third party valuation firm engaged by the Originator.

A full physical valuation is undertaken on all Loans and a second full physical valuation is completed on loans greater than £750,000 and 70% LTV in London and the South East and greater than £500,000 and 70% elsewhere.

Other than the valuation of properties undertaken as at origination (as more fully described above), no revaluation of any Property has been undertaken by the Co-Arrangers, the Joint Lead Managers, BML, the Issuer, the Servicer, the Trustee or any other person in respect of the issue of the Notes and the valuations quoted are at the date of the original Loan origination.

### ***Changes to the Underwriting Policies and Lending Criteria***

The Legal Title Holder's underwriting policies and Lending Criteria were and are subject to change within the Legal Title Holder's discretion, subject to approval by the Legal Title Holder's credit committee and board of directors. Loans were and are originated by way of exception to the Lending Criteria where the Legal Title Holder determined that the exception would have been acceptable to a Prudent Mortgage Lender. Exceptions are not intended to account for more than 10% of the Mortgage Pool.

### ***Insurance Policies***

#### ***Insurance on the Property***

Each property is required to be insured with buildings insurance with the interest of the Legal Title Holder as a mortgage lender noted. The insurance may be purchased by the Borrower or (in the case of leasehold property) by a landlord at the discretion of the Legal Title Holder (or the Servicer on their behalf).

#### ***Borrower-arranged Buildings Insurance***

The Legal Title Holder requires that a Borrower maintains home insurance for the duration of the Loan and that the Borrower will provide evidence of insurance if requested. The policy must meet the Legal Title Holder's minimum requirements.

#### ***Properties in Possession Cover***

When a Property is taken into possession by the Legal Title Holder, the Legal Title Holder takes the necessary actions to ensure that the Property is placed on to their block properties in possession insurance policy so that appropriate insurance cover is provided on the Property. The Legal Title Holder may claim under this policy for any damage occurring to the Property while in the Legal Title Holder's possession.

#### ***Title and Search Insurance***

Local searches are undertaken on Loans in respect of property purchases.

The Legal Title Holder will allow title defect insurance policy on a fees assisted application and in some instances on an exceptions only basis for remortgages.

### ***Arrears Policy***

The Servicer identifies a Loan as being in arrears where an amount equal to or greater than a full month's contractual payment remains unpaid at the end of a calendar month. The Borrower will receive an initial arrears letter from the Legal Title Holder (or the Servicer on its behalf) within a week of the payment due being missed.

The Legal Title Holder will attempt to contact the Borrower including by telephone and additional letters if such payments remain unpaid. The Servicer will upon establishing the Borrower's circumstances offer options specifically tailored to return the account to order, where possible. These options may include concessionary payment and repayment plans. A field agent may also be engaged as part of the process. Where a satisfactory arrangement cannot be reached or maintained, possession proceedings may be instigated to enable the Legal Title Holder to enforce the security.

Once a Borrower of a Loan falls three months' or more into Arrears (i.e. the equivalent of three missed monthly mortgage payments) or a Borrower of a Buy-to-Let Loan falls two months or more into Arrears, the Servicer on behalf of the Issuer, applying the Servicer's policies and procedures from time to time

(having regard to the circumstances of the Borrower in each case), will decide whether to instruct a solicitor and commence legal proceedings or to delay litigation in order to give the Borrower time to perform under the arrangement to pay. Delays will only be sanctioned by the Servicer on behalf of the Issuer, applying the Servicer's policies and procedures from time to time (having regard to the circumstances of the Borrower in each case), when there are clear signs that a satisfactory paying agreement will be reached shortly, or when the Department for Work and Pensions is contributing to monthly payments. If no such delay is sanctioned, the Borrower will be issued with a demand letter giving 15 days to clear all Arrears or face Enforcement Procedures.

The "**Enforcement Procedures**" that may be taken include one or more of:

- (a) Appointing a receiver of rent where the relevant Loan is a Buy-to-Let Loan (other than a Buy-to-Let Loan in respect of a Scottish Property)
- (b) Making arrangements whereby a Borrower's payments may be varied
- (c) Taking legal action for possession and the subsequent sale of the relevant Property with vacant possession

Taking enforcement action in Scotland by way of the "calling up" procedure under the 1970 Act, as amended, and the Home Owner and Debtor Protection (Scotland) Act 2010, in relation to Scottish Loans.

Whether the Servicer adopts one or more of the actions described above will depend upon a number of considerations including whether the Loan is an Owner-Occupied Loan or Buy-to-Let Loan and, if the latter, the tenants' propensity to pay rent, the ratio of rent received to monthly instalments due under the Loan, the security of tenure enjoyed by any tenants, the location of the Property and the anticipated net receipts from a sale of the relevant Property with vacant possession.

Where litigation is to be commenced, the Servicer will select solicitors from a pre-selected panel. During litigation, the Servicer will maintain constant contact with the Borrower to collect moneys or agree an arrangement to pay.

Where the court makes an order for possession, the Servicer will appoint managing agents with a view to achieving a swift sale at the best price. Factors driving the timeline from possession to sale will include how busy the courts are, the state of the property market and the circumstances of the relevant Borrower. See Enforcement of Scottish Loans (*Owner-Occupied and Buy-to-Let*) for a summary of the enforcement process in Scotland.

- (d) Appointment of a receiver of rent in respect of Buy-to-Let Loans in respect of Properties in England and Wales

Where appointed, a receiver of rent is deemed to be the agent of the Borrower and must collect any rents payable in respect of the Borrower's Loan and apply them (after payment of certain statutorily prescribed outgoings) in payment of any interest and Arrears accruing under the Loan and thereafter any surplus shall either be applied in discharge of principal if required by the Servicer acting on behalf of the Issuer, or paid to the Borrower.

- (e) Possession of the related Property needed to realise a Mortgage in respect of Properties in England and Wales

In order to realise the Mortgage in respect of a Loan in Arrears, the relevant mortgagee will need to obtain possession.

- (f) Obtaining possession of Properties relating to Buy-to-Let Loans in respect of Properties in England and Wales.

Any action for possession of a Property securing a Buy-to-Let Loan would include a claim not only against any tenants but also against the relevant Borrower to assist in defeating any subsequent attempt by the relevant Borrower to assert a right of occupation. In broad terms, the mortgagee has the same (but no better) rights against a tenant (for example, to regain possession) as are enjoyed by the Borrower as landlord.

Where the tenant is an individual, he will, as an assured shorthold tenant, have a limited right to security of tenure in that although an order for eviction must be made against the tenant (provided, in certain cases, prescribed notices have been served) it cannot take effect earlier than six months after the beginning of the tenancy in the case of a periodic tenancy, or, in the case of a fixed term tenancy, before the expiry of the fixed term unless the tenant fails to keep to the provisions of the tenancy agreement.

Where the tenant is other than an individual, an order for eviction cannot take effect before the expiry of the fixed term unless the tenant fails to keep to the provisions of the tenancy agreement.

(g) Obtaining possession of Owner-Occupied properties in respect of Properties in England and Wales.

In relation to a Property which is occupied by the Borrower, there are two means of obtaining possession: first, by taking physical possession (seldom done in practice) and, secondly, by obtaining a court order.

If the mortgagee takes physical possession it will, as mortgagee in possession, have an obligation to account to the Borrower for the realisation proceeds obtained from the Property, be liable for any damage to the Property, have a limited liability to repair the Property and, in certain circumstances, may be obliged to make improvements to the Property.

Actions to obtain a court order for possession are regulated by statute and the courts have certain powers to adjourn possession proceedings, to stay any possession order or postpone the date for delivery of possession (sometimes referred to as suspended possession orders). The court will exercise such powers in favour of a Borrower, broadly, where it appears to the court that such Borrower is likely to be able, within a reasonable period, to pay any sums due under the relevant Mortgage or to remedy any default consisting of a breach of any other obligation arising under or by virtue of the relevant Mortgage.

The court has a very wide discretion and may adopt a sympathetic attitude towards a Borrower faced with eviction. If a possession order in favour of the relevant mortgagee is granted, it may be suspended to allow the Borrower more time to pay.

(h) Sale of a Property in England and Wales following possession

Once possession of a Property has been obtained, the mortgagee has a duty to the Borrower to take reasonable care to obtain the best price reasonably obtainable at the time for the Property. Any failure to do so will put the relevant mortgagee at risk of an action for breach of such duty by the Borrower, although it is for the Borrower to prove breach of such duty. There is also a risk that a Borrower may also take court action to force the mortgagee to sell the Property within a reasonable time. 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.

*Enforcement of Scottish Loans (Owner-Occupied and Buy-to-Let)*

In Scotland, enforcement remedies are set out in the Conveyancing & Feudal Reform (Scotland) Act 1970 as amended (the "**1970 Act**"). The remedies available to heritable creditors (the Scottish equivalent to a mortgagee) under the 1970 Act are to sell the secured property, to enter into possession of the secured property, to carry out necessary repairs and to apply for a decree of foreclosure (the latter being rarely used). There is no requirement for a heritable creditor to enter into possession of the property in order to sell it. The remedies of entering into possession and selling the property can only be exercised if the calling-up procedure is followed. This involves a notice adhering to the statutory requirements being served upon the person last holding legal title to the secured property, requiring payment of the principal sum with interest within two months of the date of service of the demand. Once the two month notice period has expired without payment, the heritable creditor must raise court proceedings in the Sheriff Court and obtain a decree against the debtor before it can exercise its power of sale, unless the borrower and any other occupiers have surrendered the property voluntarily. In applying for the court order, the heritable creditor also has to demonstrate that it has taken various preliminary steps to attempt to resolve the borrower's position, and comply with further procedural requirements, which may restrict the ability of the heritable creditor in respect of the Scottish Loans and their Collateral Security to exercise its power of sale.

Once the heritable creditor has implemented the decree, it can exercise its rights to enter into possession and uplift rents, to repair and/or to sell the subjects. The heritable creditor is under a duty to advertise the sale and to take all reasonable steps to ensure that the price at which the property is sold is the best that can be reasonably obtained.

As regards Buy-to-Let Loans which are Scottish Loans, under Scots law, a receiver cannot be appointed under a standard security and the only enforcement which may be carried out under a standard security is a full enforcement of the security (as it cannot be enforced selectively by, for instance, attaching to rental income). Accordingly, in Scotland, any attempt to secure the rental flows will depend upon the enforcement of the standard security, using the calling-up procedure described above. In addition, a lender or security-holder may not be able to obtain vacant possession if it wishes to enforce its security unless one of the specific eviction grounds under the Private Housing (Tenancies) (Scotland) Act 2016, which came into force on 1 December 2017, applies. It should be noted that one of the grounds on which an eviction order can be sought is that a lender or security-holder intends to sell the property and requires the tenant to leave the property in order to dispose of it with vacant possession.

#### *Capitalisation of Arrears*

In certain circumstances following the accrual of Arrears representing amounts other than principal repayments on a Loan, the relevant Borrowers may be given the option to capitalise such Arrears ("**Capitalisation**"). Capitalisation is an arrangement to manage Arrears in respect of a Loan, which involves adding the balance of Arrears (other than Arrears of principal) in respect of such Loan to the Principal Balance of such Loan and allowing that amount to be cleared over the remaining term of such Loan.

The Servicer shall assess and service any Capitalisation in accordance with the capitalisation policy relating to the capitalisation of Arrears, as such policy applies to all loans serviced by the Servicer from time to time (including the Loans) (the "**Capitalisation Policy**"). As at the date of this Prospectus, the Capitalisation Policy contains the following features:

- (a) the Servicer will consider the capitalisation of arrears for qualifying, regulated mortgages only;
- (b) for interest-only loans a repayment balance will be created equal to the amount of the arrears which are to be capitalised;
- (c) for mortgages which are part interest only and part repayment, the arrears to be capitalised relating to the interest-only part are transferred to the repayment part;
- (d) arrears in respect of a loan serviced by the Servicer may only be capitalised where:
  - (i) the relevant borrower cannot reasonably afford to repay the arrears more quickly;
  - (ii) at the point of capitalisation, the relevant borrower has made a minimum six consecutive payments at or above the monthly payment;
  - (iii) the ongoing affordability of the new mortgage payments has been established; and
  - (iv) the relevant borrower has obtained independent financial advice in connection with the proposed capitalisation.
- (e) Capitalisation of arrears will only be approved once in the life time of the mortgage term.
- (f) Arrears in respect of a Loan serviced by the Servicer may not be capitalised where:
  - (i) non-payment of amounts under the loan results from extenuating circumstances (for example, health issues relating to the relevant borrower);
  - (ii) amounts due but unpaid under such loan have previously been capitalised;
  - (iii) there have been demands for unpaid ground rent and/or service charges in relation to the property; and/or
  - (iv) the related property is subject to a possession order.

The Servicer may update the Capitalisation Policy from time to time in accordance with the standards of a Prudent Mortgage Lender. In so doing, the Servicer shall adhere to the then current regulatory requirements imposed by and/or guidance issued by, without limitation, the FCA and the CCA.

*Mortgage Payment Dates*

All Borrowers are obliged to make monthly payments of either interest and principal (for Repayment Loans) or interest (for Interest Only Loans) as required by the conditions of the Loans contained in the relevant Mortgage Conditions. The Loans have payment dates throughout the month, although the Legal Title Holder typically sets the first day of each month as the required monthly payment date. Payments are typically paid by direct debit, although the Legal Title Holder does accept other payment methods.



## CHARACTERISTICS OF THE PROVISIONAL COMPLETION MORTGAGE POOL

The statistical and other information contained in this Prospectus has largely been compiled by reference to Loans in the Mortgage Pool (which for the avoidance of doubt excludes the Additional Loans which may be acquired by the Issuer on or prior to the Final Additional Loan Purchase Date) as at 31 May 2019 (the "Cut-Off Date") (the "Provisional Completion Mortgage Pool"). The Provisional Completion Mortgage Pool has the aggregate characteristics indicated in the Tables below. The first Performance Report and the first SR Investor Report delivered after the Issue Date will reflect the loans in the Completion Mortgage Pool and any Additional Loans sold to the Issuer prior to the Final Additional Loan Purchase Date.

The information contained in these tables has been extracted from information provided by BML (which information has been subject to rounding and therefore columns of percentages may not add up to 100 per cent.). None of the information provided in such sections have been the subject of an audit. In particular, information relating to CCJs, Bankruptcy Orders or IVAs has not been subject to due diligence by means of an agreed upon procedure or other similar examination.

Each of the Co-Arrangers and the Joint Lead Managers are entitled to assume that all information provided to them by BML for the purpose of reporting on the arithmetic or other accuracy is true and correct and is complete and not misleading and are not required to conduct an audit or other similar examination in respect of or otherwise take steps to verify the accuracy or completeness of such information save that BML will be required to advise the Joint Lead Managers and the Co-Arrangers if they have not been provided with any of those figures which it is required to provide.

Further information in respect of anonymised individual loan level data may be obtained on the following website: <https://editor.eurodw.eu/ecb/info?edcode=RMBSUK000926100120191&pcd>. For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus.

A Loan will be removed from the Completion Mortgage Pool if, in the period from (and including) the Cut-Off Date up to (but excluding) the date on which the Completion Mortgage Pool is confirmed, such Loan is repaid in full or such Loan does not comply with the Warranties given in respect of the Loans in the Mortgage Pool.

### Pool Stratification

**Table 1: Summary**

Summary Characteristics	Total
Principal Balance (£).....	196,634,407.21
No. of Loans.....	1,102
Average Loan Balance (£).....	178,434.13
Average Original Balance (£).....	180,636.23
Weighted Average Original Loan to Value.....	66.69%
Weighted Average Current Loan to Value.....	65.94%
Weighted Average Interest Rate.....	4.65%
Weighted Average Stabilised Margin.....	2.96%
Weighted Average Seasoning (Months).....	7.42
Weighted Average Remaining Term (Years).....	24.15
Self-Employed.....	35.00%
Buy-to-Let.....	19.33%
Interest Only.....	16.65%
Bankruptcy/IVA.....	4.10%
CCJs.....	26.28%
Largest Loan Balance (£).....	988,557.58
Borrowers with prior CCJs within 3 years of origination.....	14.25%
Borrowers with prior missed mortgage payments in last 12 months.....	0.34%

**Table 2: Distribution of Loans by Loan to Value Ratio (Original Loan to Value %)**

Original Loan to Value (%)	No. of Loans	% of Loans	Balance (£)	% of Balance
<=10.00.....	0	0.00%	0	0.00%
>10.00 <=20.00.....	14	1.27%	856,339.73	0.44%
>20.00 <=30.00.....	23	2.09%	2,870,565.41	1.46%
>30.00 <=40.00.....	47	4.26%	5,923,425.86	3.01%
>40.00 <=50.00.....	93	8.44%	14,751,824.25	7.50%
>50.00 <=60.00.....	160	14.52%	28,507,823.54	14.50%
>60.00 <=70.00.....	229	20.78%	42,389,105.73	21.56%

Original Loan to Value (%)	No. of Loans	% of Loans	Balance (£)	% of Balance
>70.00 <=80.00.....	415	37.66%	79,054,446.74	40.20%
>80.00 <=90.00.....	121	10.98%	22,280,875.95	11.33%
<b>Total.....</b>	<b>1,102</b>	<b>100.00%</b>	<b>196,634,407.21</b>	<b>100.00%</b>
Weighted Average .....				66.69%
Minimum.....				12.87%
Maximum.....				85.00%

**Table 3: Distribution of Loans by Loan to Value Ratio (Current Loan to Value %)**

Current Loan to Value % <sup>(1)</sup>	No. of Loans	% of Loans	Balance (£)	% of Balance
<=10.00 .....	0	0.00%	0	0.00%
>10.00 <=20.00.....	14	1.27%	856,339.73	0.44%
>20.00 <=30.00.....	24	2.18%	2,959,512.43	1.51%
>30.00 <=40.00.....	51	4.63%	6,329,518.44	3.22%
>40.00 <=50.00.....	97	8.80%	15,659,490.74	7.96%
>50.00 <=60.00.....	173	15.70%	31,506,225.65	16.02%
>60.00 <=70.00.....	232	21.05%	43,179,554.57	21.96%
>70.00 <=80.00.....	416	37.75%	79,564,052.58	40.46%
>80.00 <=90.00.....	95	8.62%	16,579,713.07	8.43%
<b>Total.....</b>	<b>1,102</b>	<b>100.00%</b>	<b>196,634,407.21</b>	<b>100.00%</b>
Weighted Average .....				65.94%
Minimum.....				12.39%
Maximum.....				85.00%

<sup>(1)</sup> Current Loan to Value = current principal balance / original valuation

**Table 4: Distribution of Loans by Original Balance**

Original Principal Balance (£)	No. of Loans	% of Loans	Balance (£)	% of Balance
<=80,000 .....	135	12.25%	8,524,577.66	4.34%
>80,000 <=120,000.....	250	22.69%	24,865,724.46	12.65%
>120,000 <=160,000.....	206	18.69%	28,359,257.13	14.42%
>160,000 <=200,000.....	165	14.97%	29,052,440.69	14.77%
>200,000 <=240,000.....	103	9.35%	22,154,983.13	11.27%
>240,000 <=280,000.....	79	7.17%	20,212,167.00	10.28%
>280,000 <=320,000.....	51	4.63%	15,112,421.05	7.69%
>320,000 <=360,000.....	37	3.36%	12,278,288.33	6.24%
>360,000 <=400,000.....	24	2.18%	8,984,595.47	4.57%
>400,000 <=440,000.....	13	1.18%	5,407,588.94	2.75%
>440,000 .....	39	3.54%	21,682,363.35	11.03%
<b>Total.....</b>	<b>1,102</b>	<b>100.00%</b>	<b>196,634,407.21</b>	<b>100.00%</b>
Average .....				180,636.23
Minimum.....				50,000.00
Maximum.....				1,001,495.00

**Table 5: Distribution of Loans by Current Principal Balance**

Current Principal Balance (£)	No. of Loans	% of Loans	Balance (£)	% of Balance
<=80,000 .....	139	12.61%	8,841,000.45	4.50%
>80,000 <=120,000.....	257	23.32%	25,854,073.96	13.15%
>120,000 <=160,000.....	204	18.51%	28,459,719.29	14.47%
>160,000 <=200,000.....	166	15.06%	29,611,644.56	15.06%
>200,000 <=240,000.....	99	8.98%	21,601,256.93	10.99%
>240,000 <=280,000.....	76	6.90%	19,635,516.49	9.99%
>280,000 <=320,000.....	54	4.90%	16,168,512.87	8.22%
>320,000 <=360,000.....	34	3.09%	11,444,195.50	5.82%
>360,000 <=400,000.....	23	2.09%	8,723,193.34	4.44%
>400,000 <=440,000.....	12	1.09%	5,048,368.00	2.57%
>440,000, .....	38	3.45%	21,246,925.82	10.81%
<b>Total.....</b>	<b>1,102</b>	<b>100.00%</b>	<b>196,634,407.21</b>	<b>100.00%</b>
Average .....				178,434.13
Minimum.....				46,949.35
Maximum.....				988,557.58

**Table 6: Distribution of Loans by Borrower's CCJ History as at Loan Origination (Months since last CCJ)**

Months since last CCJ	No. of Loans	% of Loans	Balance (£)	% of Balance
<=12 .....	21	1.91%	4,288,390.95	2.18%
>12 <=24 .....	67	6.08%	12,446,319.56	6.33%
>24 <=36 .....	59	5.35%	11,283,592.30	5.74%
>36 <=48 .....	56	5.08%	9,487,973.45	4.83%
>48 <=60 .....	52	4.72%	9,021,999.41	4.59%
>60 <=72 .....	24	2.18%	3,733,393.11	1.90%
>72 .....	7	0.64%	1,414,070.97	0.72%
<b>Total</b> .....	<b>286</b>	<b>25.95%</b>	<b>51,675,739.75</b>	<b>26.28%</b>

**Table 7: Distribution of Loans by Remaining Term to Maturity**

Remaining Term to Maturity (Years)	No. of Loans	% of Loans	Balance (£)	% of Balance
<=5 .....	0	0.00%	0.00	0.00%
>5 <=10 .....	36	3.27%	5,622,982.23	2.86%
>10 <=15 .....	124	11.25%	17,170,831.90	8.73%
>15 <=20 .....	207	18.78%	36,095,225.92	18.36%
>20 <=25 .....	306	27.77%	56,223,252.37	28.59%
>25 <=30 .....	249	22.60%	46,359,945.97	23.58%
>30 .....	180	16.33%	35,162,168.82	17.88%
<b>Total</b> .....	<b>1,102</b>	<b>100.00%</b>	<b>196,634,407.21</b>	<b>100.00%</b>
Weighted Average .....				24.15
Minimum.....				5.98
Maximum.....				35.02

**Table 8: Distribution of Loans by Seasoning**

Seasoning (Months)	No. of Loans	% of Loans	Balance (£)	% of Balance
<=6 .....	538	48.82%	100,546,084.00	51.13%
>6 <=12 .....	333	30.22%	59,854,961.26	30.44%
>12 <=18 .....	138	12.52%	22,148,628.54	11.26%
>18 <=24 .....	71	6.44%	10,898,429.63	5.54%
>24 <=30 .....	21	1.91%	3,042,748.50	1.55%
>30 <=42 .....	1	0.09%	143,555.28	0.07%
<b>Total</b> .....	<b>1,102</b>	<b>100.00%</b>	<b>196,634,407.21</b>	<b>100.00%</b>
Weighted Average .....				7.42
Minimum.....				0.00
Maximum.....				36.82

**Table 9: Distribution of Loans by Repayment Method**

Repayment Method	No. of Loans	% of Loans	Balance (£)	% of Balance
Repayment .....	940	85.30%	163,886,539.27	83.35%
Interest Only.....	162	14.70%	32,747,867.94	16.65%
Part & Part.....	0	0.00%	0.00	0.00%
<b>Total</b> .....	<b>1,102</b>	<b>100.00%</b>	<b>196,634,407.21</b>	<b>100.00%</b>

**Table 10: Distribution of Loans by Rate Type**

Rate Type	No. of Loans	% of Loans	Balance (£)	% of Balance
Floating rate loan (for life).....	56	5.08%	9,707,753.05	4.94%
Fixed to Floating.....	1,046	94.92%	186,926,654.16	95.06%
Discount .....	0	0.00%	0.00	0.00%
<b>Total</b> .....	<b>1,102</b>	<b>100.00%</b>	<b>196,634,407.21</b>	<b>100.00%</b>

**Table 11: Distribution of Loans by Reversion Year\***

Reversion Year	No. of Loans	% of Loans	Balance (£)	% of Balance
2019.....	62	5.63%	10,159,750.47	5.17%
2020.....	333	30.22%	58,387,145.59	29.69%
2021.....	278	25.23%	49,152,737.98	25.00%

Reversion Year	No. of Loans	% of Loans	Balance (£)	% of Balance
2022.....	25	2.27%	3,845,321.94	1.96%
2023.....	149	13.52%	25,713,443.77	13.08%
2024.....	199	18.06%	39,668,254.41	20.17%
<b>Total.....</b>	<b>1,046</b>	<b>94.92%</b>	<b>186,926,654.16</b>	<b>95.06%</b>

\* Includes both fixed to floating and discount type loans

**Table 12: Distribution of Loans by Original Property Valuation Type**

Original Valuation Type	No. of Loans	% of Loans	Balance (£)	% of Balance
Full, internal and external inspection .....	1,102	100.00%	196,634,407.21	100.00%
<b>Total.....</b>	<b>1,102</b>	<b>100.00%</b>	<b>196,634,407.21</b>	<b>100.00%</b>

**Table 13: Distribution of Loans by Interest Rate (%)**

Interest Rate (%)	No. of Loans	% of Loans	Balance (£)	% of Balance
>3.00 <=3.50.....	70	6.35%	12,039,826.66	6.12%
>3.50 <=4.00.....	197	17.88%	30,094,282.37	15.30%
>4.00 <=4.50.....	271	24.59%	49,457,854.67	25.15%
>4.50 <=5.00.....	235	21.32%	45,581,677.46	23.18%
>5.00 <=5.50.....	193	17.51%	36,984,309.61	18.81%
>5.50 .....	136	12.34%	22,476,456.44	11.43%
<b>Total.....</b>	<b>1,102</b>	<b>100.00%</b>	<b>196,634,407.21</b>	<b>100.00%</b>
Weighted Average .....				4.65%
Minimum.....				3.23%
Maximum.....				7.21%

**Table 14: Distribution of Loans by Stabilised Margin (%)**

Stabilised Margin (%)	No. of Loans	% of Loans	Balance (£)	% of Balance
>1.50 <=2.50.....	444	40.29%	76,786,512.83	39.05%
>2.50 <=3.00.....	181	16.42%	34,830,513.85	17.71%
>3.00 <=3.50.....	173	15.70%	35,010,650.89	17.80%
>3.50 <=4.00.....	175	15.88%	28,474,206.94	14.48%
>4.00 <=4.50.....	101	9.17%	17,376,225.11	8.84%
>4.50 .....	28	2.54%	4,156,297.59	2.11%
<b>Total.....</b>	<b>1,102</b>	<b>100.00%</b>	<b>196,634,407.21</b>	<b>100.00%</b>
Weighted Average .....				2.96%
Minimum.....				1.73%
Maximum.....				5.50%

**Table 15: Distribution of Loans by Stabilised Margin (%) (Owner-Occupied)**

Stabilised Margin (%)	No. of Loans	% of Loans	Balance (£)	% of Balance
>1.50 <=2.50.....	351	31.85%	59,199,659.76	30.11%
>2.50 <=3.00.....	104	9.44%	20,550,118.53	10.45%
>3.00 <=3.50.....	149	13.52%	31,074,556.61	15.80%
>3.50 <=4.00.....	167	15.15%	27,385,558.84	13.93%
>4.00 <=4.50.....	89	8.08%	16,310,322.90	8.29%
>4.50 .....	27	2.45%	4,102,781.76	2.09%
<b>Total.....</b>	<b>887</b>	<b>80.49%</b>	<b>158,622,998.40</b>	<b>80.67%</b>
Weighted Average .....				3.05%
Minimum.....				1.73%
Maximum.....				5.50%

**Table 16: Distribution of Loans by Stabilised Margin (%) (Buy-to-Let)**

Stabilised Margin (%)	No. of Loans	% of Loans	Balance (£)	% of Balance
>1.50 <=2.50.....	93	8.44%	17,586,853.07	8.94%
>2.50 <=3.00.....	77	6.99%	14,280,395.32	7.26%
>3.00 <=3.50.....	24	2.18%	3,936,094.28	2.00%
>3.50 <=4.00.....	8	0.73%	1,088,648.10	0.55%

<b>Stabilised Margin (%)</b>	<b>No. of Loans</b>	<b>% of Loans</b>	<b>Balance (£)</b>	<b>% of Balance</b>
>4.00 <=4.50.....	12	1.09%	1,065,902.21	0.54%
>4.50 .....	1	0.09%	53,515.83	0.03%
<b>Total.....</b>	<b>215</b>	<b>19.51%</b>	<b>38,011,408.81</b>	<b>19.33%</b>
Weighted Average .....				2.57%
Minimum.....				1.73%
Maximum.....				4.75%

**Table 17: Distribution of Loans by Arrears (Months)**

<b>Arrears</b>	<b>No. of Loans</b>	<b>% of Loans</b>	<b>Balance (£)</b>	<b>% of Balance</b>
=0.....	1,091	99.00%	195,195,449.98	99.27%
>0.00 <=1.00.....	6	0.54%	625,579.11	0.32%
>1.00 <=2.00.....	4	0.36%	739,329.76	0.38%
>2.00 <=3.00.....	1	0.09%	74,048.36	0.04%
<b>Total.....</b>	<b>1,102</b>	<b>100.00%</b>	<b>196,634,407.21</b>	<b>100.00%</b>
Weighted Average .....				0.01
Minimum.....				0.00
Maximum.....				2.18

**Table 18: Distribution of Loans by Loan Purpose**

<b>Loan Purpose</b>	<b>No. of Loans</b>	<b>% of Loans</b>	<b>Balance (£)</b>	<b>% of Balance</b>
Purchase .....	677	61.43%	120,048,267.94	61.05%
Remortgage .....	425	38.57%	76,586,139.27	38.95%
<b>Total.....</b>	<b>1,102</b>	<b>100.00%</b>	<b>196,634,407.21</b>	<b>100.00%</b>

**Table 19: Distribution of Loans by Property Type**

<b>Property Type</b>	<b>No. of Loans</b>	<b>% of Loans</b>	<b>Balance (£)</b>	<b>% of Balance</b>
House, detached or semi-detached .....	586	53.18%	117,817,511.12	59.92%
Terraced House .....	360	32.67%	53,758,740.78	27.34%
Flat/Apartment .....	121	10.98%	19,653,374.26	9.99%
Bungalow .....	35	3.18%	5,404,781.05	2.75%
<b>Total.....</b>	<b>1,102</b>	<b>100.00%</b>	<b>196,634,407.21</b>	<b>100.00%</b>

**Table 20: Distribution of Loans by Region**

<b>Regions</b>	<b>No. of Loans</b>	<b>% of Loans</b>	<b>Balance (£)</b>	<b>% of Balance</b>
South East .....	193	17.51%	41,327,397.62	21.02%
East of England .....	138	12.52%	28,325,160.82	14.40%
Greater London .....	147	13.34%	39,668,440.56	20.17%
North West .....	136	12.34%	17,953,888.05	9.13%
West Midlands .....	100	9.07%	13,949,743.50	7.09%
East Midlands.....	105	9.53%	14,658,773.73	7.45%
Yorkshire and the Humber.....	90	8.17%	11,988,360.91	6.10%
South West .....	91	8.26%	15,567,024.57	7.92%
North East .....	30	2.72%	3,687,289.74	1.88%
Wales.....	49	4.45%	5,425,605.19	2.76%
Scotland.....	23	2.09%	4,082,722.52	2.08%
<b>Total.....</b>	<b>1,102</b>	<b>100.00%</b>	<b>196,634,407.21</b>	<b>100.00%</b>

**Table 21: Distribution of Loans by Occupancy Type**

<b>Ownership Type</b>	<b>No. of Loans</b>	<b>% of Loans</b>	<b>Balance (£)</b>	<b>% of Balance</b>
Owner-Occupied .....	887	80.49%	158,622,998.40	80.67%
Buy-to-Let.....	215	19.51%	38,011,408.81	19.33%
<b>Total.....</b>	<b>1,102</b>	<b>100.00%</b>	<b>196,634,407.21</b>	<b>100.00%</b>

**Table 22: Distribution of Loans by Employment**

<b>Employment</b>	<b>No. of Loans</b>	<b>% of Loans</b>	<b>Balance (£)</b>	<b>% of Balance</b>
Employed .....	796	72.23%	125,707,394.19	63.93%
Unemployed .....	2	0.18%	261,926.85	0.13%
Self-employed .....	295	26.77%	68,822,226.26	35.00%
Pensioner .....	2	0.18%	218,524.57	0.11%
Other .....	7	0.64%	1,624,335.34	0.83%
<b>Total.....</b>	<b>1,102</b>	<b>100.00%</b>	<b>196,634,407.21</b>	<b>100.00%</b>

## TITLE TO THE MORTGAGE POOL

The Loans and the Collateral Security will be sold by the Seller to the Issuer. The sale of the Loans and the Collateral Security will take effect in equity only or, in the case of Scottish Loans and related Collateral Security by means of Scottish Declarations of Trust entered into on the Issue Date and on subsequent relevant Further Purchase Dates. As at the relevant Purchase Date, legal title to all Loans and Collateral Security is either held by the Legal Title Holder or is in the process of being registered in its name. The Issuer will grant a first fixed equitable charge (or, in the case of Scottish Loans and related Collateral Security, a first fixed charge over its beneficial interest therein) in favour of the Trustee over its interests in the Loans, the Mortgages and their related Collateral Security.

The Servicer is required under the terms of the Servicer to ensure the safe custody of title deeds. The Servicer will have custody of title deeds in respect of the Loans and the Collateral Security as agent of the Issuer and, following any enforcement action by the Trustee against the Issuer, the Trustee.

Save as mentioned below, neither the Issuer nor the Trustee will effect any registration at the Land Registry or Registers of Scotland (as applicable) to protect the sale of the Loans and the Collateral Security by the Seller to the Issuer or the charge of them by the Issuer in favour of the Trustee nor, save as mentioned below, will they be entitled to obtain possession of the title deeds to the Properties or the Loans and their related Mortgages.

Save as mentioned below, notice of the sale to the Issuer and the equitable charge in favour of the Trustee (or, in the case of Scottish Loans and related Collateral Security, notice of each Scottish Declaration of Trust and Scottish Trust Security) 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) or, following the service of an Enforcement Notice, the Trustee will be entitled (but not obliged) to effect such registrations, 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 Loans and the Collateral Security, *inter alia*, where (i) the Trustee considers that the Charged Property or any part thereof is in jeopardy (including the possible insolvency of one or more of the Seller or the Legal Title Holder), or (ii) the Issuer, the Trustee, the Seller or the Legal Title Holder becoming obliged to provide notice of assignment or (as applicable) assignation of the Loan by order of court, by law or any relevant regulatory authority.

The effect of (i) not giving notice to the Borrowers of the sale of the relevant Loans and their Collateral Security to the Issuer and the charging of the Issuer's interest in the Loans and their Collateral Security to the Trustee and (ii) the charge of the Issuer's rights thereto in favour of the Trustee pursuant to the Deed of Charge taking effect in equity (or, in the case of Scottish Loans and related Collateral Security, in respect of the Issuer's beneficial interest) only, is that the rights of the Issuer and the Trustee may be, or may become, subject to equities as well as to the interests of third parties who perfect a legal interest or title prior to the Issuer or the Trustee acquiring and perfecting a legal interest or title (such as, in the case of English Mortgages over unregistered land, a third party acquiring a legal interest in the relevant Mortgage without notice of the Issuer's or the Trustee's interests or, in the case of Mortgages over registered land (whether at the Land Registry or the Registers of Scotland), a third party acquiring a legal interest or title by registration or recording prior to the registration or recording of the Issuer's or the Trustee's interests).

The risk of such equities and other interests leading to third party claims obtaining priority to the interests of the Issuer or the Trustee in the Loans and the Collateral Security is likely to be limited to circumstances arising from a breach by the Seller, the Legal Title Holder or the Issuer of its or their contractual or other obligations or fraud or mistake on the part of the Seller, the Legal Title Holder or the Issuer or their respective officers, employees or agents (if any).

As of the Issue Date, BML holds the legal title to each of the Loans and the Collateral Security and will continue to hold the legal title on bare trust (or, in Scotland, in terms of a Scottish Declaration of Trust) for the Issuer as holder of the beneficial title to each of the Loans and Collateral Security.

## SALE OF THE MORTGAGE POOL

### Acquisition of Loans on the Issue Date

Prior to the Issue Date, BMF3 and BMF4 will sell their respective interests in the Loans comprised in the Completion Mortgage Pool and the related Mortgages to the Seller. On the Issue Date, the Seller will sell its interest in the Completion Mortgage Pool to the Issuer.

### Acquisition of Additional Loans following Issue Date

The Seller may (but is not obliged to) sell to the Issuer from time to time in the period from (and including) the Issue Date up to (and including) the Final Additional Loan Purchase Date further Loans, to the extent that the relevant conditions to purchase in the Mortgage Sale Agreement are satisfied (such Loans being "**Additional Loans**"). Such Additional Loans will be originated by the Seller prior to the Issue Date and will be included in the Mortgage Pool provided, *inter alia*, the Additional Loan Criteria (as defined below) are met.

For any Additional Loans purchased up to and including the Final Additional Loan Purchase Date the Issuer shall purchase such Additional Loans using amounts standing to the credit of the Pre-Funding Reserves, **provided that** the Issuer is permitted to purchase such Additional Loans in accordance with the Mortgage Sale Agreement. The applicable Additional Loan Purchase Consideration shall be funded by applying (i) the Pre-Funding Revenue Reserve in an amount equal to the component of that Additional Loan Purchase Consideration constituted by item (b) of the definition of Additional Loan Purchase Consideration and (ii) the Pre-Funding Principal Reserve for the remaining amount of that Additional Loan Purchase Consideration.

Any purchase of each Additional Loan by the Issuer will be subject to (amongst other things) satisfaction of the following criteria on the Further Purchase Date (the "**Additional Loan Criteria**"):

- (a) the provision of an agreed upon procedures report in respect of a sample of the Additional Loans purchased on each Further Purchase Date (where the sample size is sufficiently large to enable the audit provider to state that they are 99% confident that not more than 1% of the population of the Additional Loans contained an error in the relevant attribute);
- (b) the provision, by each of the Legal Title Holder and the Seller of a solvency certificate, dated as of the Further Purchase Date, signed by an authorised officer of the relevant company;
- (c) no Enforcement Notice having been served;
- (d) no Event of Default under (and as defined in) Condition 9 (*Events of Default*) of the Notes having occurred and having been notified to the Trustee or any Servicer Termination Event having occurred which, in any such case, is continuing on the Further Purchase Date;
- (e) in respect of any Additional Loan that is a Scottish Loan, a Scottish Declaration of Trust is granted by the Legal Title Holder in favour of the Issuer with an effective date of the relevant Further Purchase Date;
- (f) no purchase of any Additional Loans which would result in the aggregate I to SC Upfront Rebalancing Payment being greater than the I to SC Upfront Rebalancing Payment Cap;
- (g) on the relevant Further Purchase Date, the Additional Loan Pool complying with following criteria:
  - (i) the weighted-average interest rate of the Additional Loans is greater than or equal to 4.60 per cent.;
  - (ii) the weighted-average reversionary margin of the Additional Loans is greater than or equal to 2.80 per cent. over the BVR;
  - (iii) the weighted-average LTIR of each Borrower under the Additional Loans that are Owner-Occupied Loans at origination is less than or equal to 3.55;



- (iv) the aggregate Principal Balance of Additional Loans that are Help to Buy Loans is less than or equal to 10.0 per cent of the aggregate Principal Balance of the Additional Loan Pool;
- (v) the aggregate Principal Balance of Additional Loans to Borrowers that are self-employed is less than or equal to 40 per cent. of the aggregate Principal Balance of the Additional Loan Pool;
- (vi) the aggregate Principal Balance of Additional Loans advanced for the purpose of remortgaging a Property is less than or equal to 52.5 per cent. of the aggregate Principal Balance of the Additional Loan Pool;
- (vii) there will be no Additional Loans with an arrears balance of greater than zero on the relevant Further Purchase Date;
- (viii) the aggregate Principal Balance of Additional Loans that are debt consolidation loans is less than or equal to 15 per cent. of the aggregate Principal Balance of the Additional Loan Pool;
- (ix) the aggregate Principal Balance of any Additional Loans advanced to Borrowers (including primary and secondary borrowers) that have had a prior CCJ (satisfied or unsatisfied) issued against them within 60 months prior to the origination date is less than or equal to 27.5 per cent. of the aggregate Principal Balance of the Additional Loan Pool;
- (x) the aggregate Principal Balance of any Additional Loans advanced to Borrowers (including primary and secondary borrowers) that have had a prior CCJ issued against them (satisfied or unsatisfied) within 12 months prior to the origination date is less than or equal to 2.5 per cent. of the aggregate Principal Balance of the Additional Loan Pool;
- (xi) the aggregate Principal Balance of Additional Loans which are secured by Properties located in the South East of England and Greater London is less than or equal to 50 per cent of the aggregate Principal Balance of the Additional Loan Pool;
- (xii) no Additional Loans under the terms of which the Borrower pays a fixed rate for a period of greater than 5 years;
- (xiii) the aggregate Principal Balance of the largest ten Additional Loans is less than or equal to £6,000,000;
- (xiv) the aggregate Principal Balance of the largest 20 Additional Loans is less than or equal to £9,000,000;
- (xv) no Additional Loans shall be both Owner-Occupied Loans and Interest Only Loans;
- (xvi) the weighted-average DSCR of the Additional Loans that are Buy-to-Let Loans and assessed on an ICR basis at origination is greater than or equal to 130 per cent.;
- (xvii) the aggregate Principal Balance of Additional Loans that are Buy-to-Let Loans is less than or equal to 25 per cent. of the aggregate Principal Balance of the Additional Loan Pool;
- (xviii) Additional Loans that are not Buy-to-Let Loans where the primary Borrower's age at origination will be greater than 65 years will be less than or equal to 5 per cent. or, for Buy-to-Let Loans where the Borrower's age at maturity will be greater than 85 years will be less than or equal to 3 per cent.; and
- (xix) the weighted-average remaining term of the Additional Loans is less than or equal to 325 months.

## Consideration for Loans

The consideration payable by the Issuer to the Seller in respect of the sale of the Loans and Collateral Security pursuant to the Mortgage Sale Agreement shall be:

- (a) in respect of the Completion Mortgage Pool, an immediate cash payment of £194,762,343 payable on the Issue Date (being the Initial Purchase Consideration for the Loans being purchased on the Issue Date);
- (b) delivery of the Certificates; and
- (c) in respect of any Additional Loan, the Additional Loan Purchase Consideration and any Additional Loans.

The consideration payable on the Issue Date may be settled by way of set-off in the event the Seller agrees to subscribe for some or all of the Notes.

## Warranties and Repurchase

### *Issue Date and relevant Purchase Date*

The Mortgage Sale Agreement contains representations and warranties given by the Seller, in relation to the relevant Loans sold pursuant to the Mortgage Sale Agreement. No searches, enquiries or independent investigation of title of the type which a prudent purchaser or mortgagee would normally be expected to carry out have been or will be made by the Issuer or the Trustee, each of whom is relying upon the representations and warranties in the Mortgage Sale Agreement.

If there is an unremedied or irremediable breach of any of these representations and warranties which could have a material adverse effect on the value of any Loan and its related Mortgage and Collateral Security (other than where such breach was disclosed at the point of sale to the Issuer), then the Seller, on or before the date falling 15 Business Days after notification of such breach to the Seller and BML by the Servicer on behalf of the Issuer, is required to repurchase, or procure the repurchase by one of its affiliates of, the relevant Loan and its Collateral Security for a consideration in cash equal to the Repurchase Price. Performance of the obligation to repurchase will be in satisfaction of all liabilities of the Legal Title Holder or the Seller in respect thereof.

If a Loan has never existed, or has ceased to exist, the Seller shall not be obliged to repurchase that Loan and its related Mortgage and Mortgage Rights and shall instead be required to make an indemnification payment to the Issuer and the Trustee against any losses suffered by reason of any representation or warranty relating to or otherwise affects that Loan being untrue or incorrect by reference to the facts subsisting at the date on which that representation or warranty was given. The amount of such indemnity shall be equal to the Repurchase Price for the Loan had the Loan been repurchased on the Repurchase Date.

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

- (a) The particulars of (i) each Loan and its related Mortgage set out in *Appendix A* to the Mortgage Sale Agreement and (ii) each Additional Loan and its related Mortgage set out in the relevant Additional Loan Schedule are complete, true and accurate in all material respects.
- (b) Immediately prior to the applicable Purchase Date, BML was the absolute beneficial owner of all of the relevant Loans and their related Mortgages and Collateral Security and such other related property.
- (c) Immediately prior to the applicable Purchase Date, BML holds or will hold, upon completion of any pending applications for registration or recording of BML at the Land Registry or Registers of Scotland, legal title to all relevant Loans and related Mortgages and Collateral Security.
- (d) Immediately prior to the applicable Purchase Date, BML has not assigned (whether by way of absolute assignment or assignation or by way of security only), transferred, charged, disposed of or dealt with the benefit of the relevant Loans or their related Mortgages, any of the other rights relating thereto or any of the property, rights, titles, interests or benefits to be sold, transferred or assigned pursuant to the Mortgage Sale Agreement in any way whatsoever other than (i) pursuant

to the Mortgage Sale Agreement, pursuant to the BMF3/BML Mortgage Sale Agreement and the BMF4/BML Mortgage Sale Agreement, (ii) pursuant to any security interest in respect of BMF3 and/or BMF4 which will be released immediately prior to the entry into of the Mortgage Sale Agreement, (iii) charged or assigned pursuant to the Deed of Charge or (iv) in its capacity as trustee of the legal title to the Scottish Loans and their related Mortgages held for the previous beneficial owners of such Scottish Loans and their related Mortgages (such arrangements to be released on the applicable Purchase Date immediately prior to the sale of such Scottish Loans).

- (e) Each Loan and its related Mortgage is non-cancellable and constitutes a valid and binding obligation of the Borrower enforceable in accordance with its terms (except that: (a) enforceability may be limited by (i) bankruptcy or insolvency of the Borrower or other laws relating to enforcement of general applicability affecting the enforcement rights of creditors generally and the court's discretion in relation to equitable remedies (or, in limited circumstances, if the Borrower purchased the property from a bankrupt vendor); (ii) the application of the CRA; or (iii) fraud; and (b) no warranty is given in relation to any obligation of the Borrower to pay Mortgage Early Redemption Amounts or charges payable in the event of Borrower default, and each related Mortgage secures the repayment of all advances, interest, costs and expenses payable by the relevant Borrower (other than in relation to any repayment charges where repayment takes place following the early repayment charge period) provided that nothing in this paragraph (e) constitutes a representation or a warranty as to the sufficiency of such Property as security for indebtedness secured on it.
- (f) Subject to completion of any registration which may be pending at the Land Registry or Registers of Scotland, each Mortgage relating to a Loan constitutes a first legal mortgage or standard security over the relevant Property.
- (g) The Loans were originated by BML and, at the time of origination of the Loans, BML took reasonable steps to verify that each Loan was made in accordance with the applicable Lending Criteria in effect at the time of its origination subject only to exceptions made (i) on a case by case basis; and (ii) in accordance with BML's internal policies and the standard of a Prudent Mortgage Lender.
- (h) The Loans were originated by the Originator in the ordinary course of business.
- (i) All steps necessary to perfect the Legal Title Holder's title to each Loan, together with their related Mortgages, were duly taken at the appropriate time or are in the process of being taken with all due diligence.
- (j) No lien or right of set-off or counterclaim has been created or arisen between BML and any Borrower which would entitle such Borrower to reduce the amount of any payment otherwise due under the relevant Loan.
- (k) In relation to:
  - (i) each English Mortgage relating to a Loan which is not the subject of a Title Indemnity Insurance:
    - (A) if the Property is not registered the Borrower has a good and marketable title to the fee simple absolute in possession or a term of years absolute in the relevant Property or other good freehold state (if freehold) or a term of years absolute (if leasehold) free (save for the Mortgage) from any encumbrance which would affect such title; and
    - (B) if the Property is registered it has been or is in the course of registration with title absolute in the case of freehold property or absolute or good leasehold title in the case of leasehold property or possessory title in the case of freehold or leasehold title where (in accordance with the relevant Lending Criteria) such possessory title has been taken into account by the valuer in the valuation of the Property; and

- (ii) each Scottish Mortgage relating to a Loan, the Borrower has a valid and marketable heritable or long lease title to the Property free from any encumbrance which would materially affect such a title.
- (l) In relation to each Mortgage of Property relating to a Loan, title to which is registered (or, in the case of an unregistered Scottish Property, which is subject to first registration) and which is not subject to a Title Indemnity Insurance, an application for registration has been delivered to the Land Registry or the Registers of Scotland within the priority period conferred by an official search or, as applicable, within the protected period conferred by an advance notice registered against the relevant title at the Land Registry or, as applicable, Registers of Scotland and in relation to each English Mortgage of Property title to which is unregistered and which is not subject to a Title Indemnity Insurance, such Mortgage was completed within the priority period conferred by an official search at the Land Charges Department and, where an unregistered English Property is subject to first registration, an application for registration of the Borrower's title and of the related English Mortgage has been delivered to the Land Registry within two months of the date of the dealing giving rise to first registration in accordance with section 4 of the Land Registration Act 2002 and, in each case, the relevant search did not reveal any matter which would materially adversely affect the mortgagee's interest under the relevant English Mortgage.
- (m) In relation to each Mortgage of Property relating to a Loan, where registration is pending at the Land Registry or Registers of Scotland (as applicable), so far as it is aware, there is no caution, notice, inhibition or restriction which would prevent the registration of the Mortgage.
- (n) Each Loan and its related Mortgage:
  - (i) has been materially made on the terms of the Standard Documentation referred to in *Appendix D* of the Mortgage Sale Agreement (so far as applicable); and
  - (ii) has not been varied, amended or modified and no waiver or extension has been granted which would impair the enforceability or collectability of all or a material part of such Loan since the date of completion of such Loan.
- (o) Interest on each Loan is charged on such Loan in accordance with the provisions of that Loan and its related Mortgage.
- (p) No Loan has a Principal Balance of greater than £1,000,000 on the relevant Purchase Date.
- (q) No Loan has a final maturity beyond the date falling two years prior to the Final Maturity Date of the A Notes.
- (r) BML has procured that since the creation of each Loan full and proper accounts, books and records have been kept showing clearly all transactions, payments, receipts and proceedings relating to that Loan and its related Mortgage and all such accounts, books and records are up to date, accurate and in the possession of BML or held to its order.
- (s) BML has not received written notice of any litigation or claim calling into question in any material way its title to any Loan and its related Mortgage or its ability to fully, effectively and promptly enforce the same.
- (t) In respect of any Property which is subject to a second ranking or subsequent mortgage or standard security, the Mortgage has first priority for the full amount of the Loan and all costs, fees and expenses relative thereto.
- (u) Subject to completion of any registration or recording which may be pending at the Land Registry or Registers of Scotland (as applicable), all Property Deeds relating to the Loans and loan files relating to the Loans are held by, or to the order of, BML.
- (v) No Loan or its related Mortgage contains an obligation to make any Further Advance
- (w) All Loans are either Fixed Rate Mortgages or Variable Rate Mortgages.

- (x) All formal approvals, consents and other steps necessary to permit a legal transfer of the Loans and their related Mortgages and Collateral Security to be sold under the Mortgage Sale Agreement have been obtained or taken and all Loans and Collateral Security are freely assignable and no formal approvals, consents or other steps are necessary as at the relevant Purchase Date to permit a legal, equitable or beneficial transfer of the Loans and Collateral Security, save only for the relevant transfer (and in the case of a legal transfer, registration at the relevant registries and notification to the relevant Borrower) itself, and no notification to any Borrower is required to effect any equitable or beneficial transfer of the Loans and Collateral Security to the Issuer pursuant to the Mortgage Sale Agreement and the Loans and Collateral Security are not subject to any contractual confidentiality restrictions which may restrict the ability of the Issuer to acquire the same.
- (y) At origination of each Loan, variable direct debit instructions in favour of BML (or other arrangements acceptable to BML to ensure regular payment) were completed in respect thereof and such completed variable direct debit instructions were held by or on behalf of BML.
- (z) To the best of BML's knowledge, information and belief, no fraud, misrepresentation or concealment has been perpetrated in respect of a Loan by: (i) any person who prepared a valuation of a Property; or (ii) any solicitors who acted for BML in relation to any Loan; or (iii) any insurance broker or agent in relation to any insurance policy; or (iv) any Borrower of any Loan; or (v) any other party within the knowledge of BML, which would result in any monies owed by any of the Borrowers not being or being unlikely to be repaid in full under the terms of any of the Loans.
- (aa) No Loan is currently repayable in a currency other than sterling and the currency of the repayments cannot be changed by the Borrower to a currency other than sterling.
- (bb) BML has not excluded, restricted or waived or agreed to waive any of its rights against any valuer, solicitor or other professional who has provided information, carried out work or given advice in connection with any Loan and the related Mortgage.
- (cc) Except in any case where the related Property is covered by a Title Indemnity Insurance, prior to making each Loan to a Borrower, BML instructed or required to be instructed on its behalf solicitors or licensed or qualified conveyancers to carry out in relation to the relevant Property all investigations, searches and other actions that would have been undertaken by a Prudent Mortgage Lender when advancing money in an amount equal to such advance to an individual to be secured on a property of the kind permitted under the Lending Criteria and a report on title was received by or on behalf of it from such solicitors or licensed or qualified conveyancers which either initially or after further investigation revealed no material matter which would cause a Prudent Mortgage Lender to decline such Loan having regard to the Lending Criteria.
- (dd) With the exception of the Loan with loan identifier number 2004870, not more than 6 months prior to making each Loan (other than in respect of a Help to Buy Loan) and not more than 9 months prior to making each Help to Buy Loan, the relevant Property was valued by an independent valuer or a valuer from the approved panel of BML's valuer.
- (ee) BML took all reasonable steps to ensure that at the date of completion of each Mortgage the relevant Property was insured under a policy with an insurance company against fire and other commercial risks for an amount not less than the full reinstatement value determined by a valuer approved by BML and BML became either the sole or a joint insured or its interest was noted by the insurers or, in the case of leasehold property, is covered by a landlord's buildings insurance policy, with, where possible, the interests of BML and the Borrower endorsed or deemed noted thereon (primo loco in the case of a Scottish Borrower), in each case with a reputable insurance company agreed to by BML against all risks usually covered by a Prudent Mortgage Lender when advancing money on the security of the property of the same nature to at or around the time the related Loan was completed and BML has not received notice of any circumstances giving the insurer thereunder the right to avoid or terminate the policy.
- (ff) Other than with respect to Buy-to-Let Loans, in relation to each Mortgage relating to a Loan, any person who at the date when the Loan was made had attained the age of 18 and who has been identified by the Borrower of such Loan as residing or about to reside in the relevant Property is either named as a joint Borrower or has signed a form of consent declaring that he or she will assert

no right to any overriding or other interest by occupation adverse to the mortgagee's rights under the relevant Mortgage, or BML holds insurance in respect thereof, or in relation to each Mortgage in respect of a Scottish Loan, obtained the appropriate MH/CP Documentation.

- (gg) At the date of origination or, as regards the Scottish Rectified Loans, as at the date of the Mortgage Sale Agreement:
  - (i) as far as BML was aware the terms of, and the origination steps taken in respect of, all Loans complied with applicable laws and regulations (including without limitation all requirements of the UCTA and the CRA) that were necessary to ensure that the relevant Loans and Mortgages were enforceable and the relevant Borrower was obliged to pay interest and repay principal on the dates specified in the relevant Loans, subject to any reservations or matter disclosed generally as regards non-compliance with any laws and regulations contained within the Legal Opinions; and
  - (ii) BML had all necessary consents, authorisations, approvals, licences and orders including without limitation all necessary licences under FSMA to originate the Loans.
- (hh) As at the date of origination, as far as BML was aware, the terms of, and the origination steps taken in respect of the Scottish Unrectified Loans did not constitute an effective variation of the Standard Conditions under section 11(3) of the Conveyancing and Feudal Reform (Scotland) Act 1970, as amended, and BML is taking all reasonable steps to enter into a relevant deed of variation with relevant Borrowers to ensure that such an effective variation is so constituted.
- (ii) At the date of origination of a Loan where the related Property is covered by a Title Indemnity Insurance, the conveyancing solicitor confirmed in writing that the Title Indemnity Insurance was in place at the date of origination of the relevant Loan. BML is not aware of any circumstances giving the relevant provider of the Title Indemnity Insurance the right to avoid or terminate such policy and there is no claim outstanding under such Title Indemnity Insurance in relation to any Property.
- (jj) No Loan is subject to a Retention at the date of the Mortgage Sale Agreement.
- (kk) In relation to any Loan which is the subject of a Regulated Mortgage Contract, as far as BML is aware, all requirements of MCOB have been complied with in all material respects in connection with the origination, documentation and administration of such Loan (as applicable).
- (ll) BML:
  - (i) is not aware of any material breach by the Borrower under any Loan or related Collateral Security which would have a material adverse effect on such Loan or Collateral Security and no steps have been taken by BML to enforce any Collateral Security as a result of such breach; or
  - (ii) has not received notice of the bankruptcy, insolvency, sequestration or death of any Borrower.
- (mm) All the title deeds, the deeds constituting the Mortgage and the correspondence file (such as it exists) and microfiche or electronically stored data relating to each of the Loans are held by or to the order of BML or have been lodged by, or on behalf of, BML at the Land Registry or Registers of Scotland.
- (nn) All the Loans in respect of English Properties are governed by English law and all Loans in respect of Scottish Properties are governed by Scots law.
- (oo) BML has not given express written consent to the grant of a tenancy by a Borrower in circumstances where no Prudent Mortgage Lender at the time such consent was given would give such consent.
- (pp) To the best of BML's knowledge and belief, no Property has been let or sublet other than by way of (i) an assured shorthold tenancy which meets the requirements of Section 19A or Section 20 of the Housing Act 1988 or (ii) a short assured tenancy which meets the requirements of Section 32

of the Housing (Scotland) Act 1987 or a private residential tenancy which meets the requirements of the Private Housing (Tenancies) (Scotland) Act 2016.

- (qq) Each Borrower is a natural person and was aged 18 years or older or, in respect of Buy-to-Let Loans, 21 years or older at the date that he or she executed the relevant Mortgage.
- (rr) There are no guarantees given in support of the obligations of any Borrower under any Loan.
- (ss) Each Property is a residential property.
- (tt) No material legal proceedings by Borrowers are outstanding against BML which would call into question its beneficial or legal title to the Loans.
- (uu) In relation to any leasehold Property, (i) in any case where BML has received written notice from the relevant landlord that it is or may be taking steps to forfeit or irritate the lease of that Property, BML has taken such steps (if any) and in such time as would be taken by a Prudent Mortgage Lender to protect its security and Loan and (ii) any requisite consent of the landlord to, or notice of, the creation of the Mortgage has been obtained or given (as applicable).
- (vv) Each Property is located in England, Wales or Scotland.
- (ww) Other than in respect of the Loans with loan identifier numbers 2005712, 2004522 and 2002359 which the first payment due were paid by the relevant Borrower within 45 days of the due date, the first payment due was paid by the relevant Borrower in respect of each Loan within one month of the due date.
- (xx) No agreement for any Loan is or includes a consumer credit agreement (as defined in section 8 of the Consumer Credit Act 1974) or constitutes any other agreement regulated or partly regulated by the Consumer Credit Act 1974 (other than sections 137 to 140 of such Act) or any modification or re-enactment thereof or, to the extent that it is so regulated or partly regulated, all the requirements of the Consumer Credit Act 1974 have been met in full.
- (yy) The proposed limitations or exclusions of the liability of BML contained in the loan agreement relating to each Loan are fair and reasonable having regard to the circumstances of the particular Borrower for the purposes of the Unfair Contract Terms Act 1977 and are not "unfair terms" within the meaning of the CRA.
- (zz) To the extent that any loan agreement relating to a Loan between BML and a "consumer" was not "individually negotiated" with such consumer (as such terms are defined in the CRA), none of the terms contained in such loan agreements are unfair terms within the meaning of the CRA; and in carrying out the procedures for enabling Borrowers to enter into loan agreements, BML complied with the CRA and, in particular, ensured that each Borrower had a real opportunity to read and understand the terms of the relevant loan agreement before the conclusion of the loan agreement.
- (aaa) No Collateral Security comprises or includes (or comprises or includes an interest in) stock or marketable securities (within the meaning of section 122 of the Stamp Act 1891); chargeable securities (within the meaning of section 99 of the Finance Act 1986) or a chargeable interest (within the meaning of section 48 of the Finance Act 2003) or a chargeable interest (within the meaning of Section 4 of the Land Transaction Tax and Anti - avoidance of Devolved Taxes (Wales) Act 2017) or a chargeable interest (within the meaning of section 4 of the Land and Buildings Transaction Tax (Scotland) Act 2013).
- (bbb) The Loans and the Collateral Security (i) constitute financial assets (as defined in Regulation 9A of the Tax Regulations); and (ii) are not shares.
- (ccc) BML has applied the same sound and well-defined credit-granting criteria for the Loans as it has applied to equivalent mortgage loans that are not part of the Mortgage Pool. In particular:
  - (i) BML has applied the same clearly established processes for approving and, where relevant, amending, renewing and refinancing Loans as it has applied to equivalent mortgage loans that are not part of the Mortgage Pool; and

- (ii) BML has effective systems in place to apply those criteria and processes in order to ensure that credit-granting is based on a thorough assessment of the Borrower's creditworthiness taking appropriate account of factors relevant to verifying the prospect of the Borrower meeting his obligations under the relevant mortgage loan agreement.

### **Product Switch Loans**

A Borrower may, from time to time request, but the Legal Title Holder is not contractually obliged to agree to a Product Switch. The Legal Title Holder will not agree to grant a Product Switch unless required to do so by applicable law. Should a Product Switch be agreed between the Legal Title Holder and the Borrower, the Seller is required to repurchase the Product Switch Loan from the Issuer on or prior to the Product Switch Effective Date.

The consideration payable by the Seller in respect of the repurchase of any relevant Product Switch Loans and their Collateral Security shall be a cash payment to the Issuer equal to the Repurchase Price on the Repurchase Date.

### **Pre-Funding Reserves**

On the Issue Date, it is expected that the Issuer will credit an amount equal to £15,237,657 to the "**Pre-Funding Principal Reserve Ledger**" (the "**Pre-Funding Principal Reserve**") and £400,000 to the Pre-Funding Revenue Reserve Ledger (the "**Pre-Funding Revenue Reserve**"), together with the Pre-Funding Principal Reserve, the "**Pre-Funding Reserves**"). The Issuer will only be entitled to apply amounts standing to the credit of the Pre-Funding Reserves in purchasing Additional Loans at any time up to and including the Final Additional Loan Purchase Date **provided that** the Issuer is permitted to purchase such Additional Loans in accordance with, the Mortgage Sale Agreement. The applicable Additional Loan Purchase Consideration shall be funded by applying (i) the Pre-Funding Revenue Reserve in an amount equal to the component of that Additional Loan Purchase Consideration constituted by item (b) of the definition of Additional Loan Purchase Consideration and (ii) the Pre-Funding Principal Reserve for the remaining amount of that Additional Loan Purchase Consideration. Any such purchase of Additional Loans, where applicable, by the Issuer will be subject to the aggregate of all Additional Loans purchased complying with the Additional Loan Criteria on each date that any further Additional Loan is purchased.

Any outstanding balance in the Pre-Funding Principal Reserve Ledger as at the Final Additional Loan Purchase Date (taking into account any debits made on that ledger on such date) shall be transferred by the Cash Administrator to the Transaction Account on the first Determination Date and will be applied *pro rata* in redemption of the A Notes, the B Notes, the C Notes, the D Notes, the E Notes and the F Notes and the G Notes on the first Interest Payment Date. Any outstanding balance in the Pre-Funding Revenue Reserve Ledger as at the Final Additional Loan Purchase Date (taking into account any debits made on that ledger on such date) will be credited to the Revenue Ledger of the Transaction Account on the first Determination Date and shall be applied as Available Revenue Funds on the first Interest Payment Date.

See the section entitled "*Sale of the Mortgage Pool – Acquisition of Loans on the Issue Date – Acquisition of Additional Loans following Issue Date*" for further information.

### **Further Advance**

Borrowers may request, but the Legal Title Holder is not obliged to make, Further Advances. The Legal Title Holder will not agree to make any Further Advances unless required to do so by applicable law.

Should the Seller or the Legal Title Holder agree to make any Further Advances on a Loan, this will result in the Seller being required to repurchase such Loan (or procure the repurchase of such Loan) from the Issuer and make a cash payment to the Issuer as consideration therefor on the Further Advance Repurchase Date.

### **Mortgage Pool Option**

Pursuant to the Deed Poll, the Mortgage Pool Option Holder has the option to purchase (or nominate a third party purchaser to purchase) the Mortgage Pool and its Collateral Security during the Interest Period immediately preceding the Interest Payment Date occurring on or after the Mortgage Pool Option Date (the "**Mortgage Pool Option**") on which the Notes will be redeemed in accordance with the Notes Conditions and for a purchase price which, together with any amounts standing to the credit of the Transaction Account



and/or any other cash held by or on behalf of the Issuer (other than any Swap Excluded Receivable Amounts), would be required to pay any amounts required under the relevant Priority of Payments to be paid in priority to or *pari passu* with the Notes on such Interest Payment Date, redeem all Notes then outstanding in full together with accrued and unpaid interest on such Notes and pay costs associated with the redemption, as calculated as at Mortgage Pool Purchase Completion Date but with regard to the amounts to be paid on the relevant Interest Payment Date.

To effect such Mortgage Pool Option, the Mortgage Pool Option Holder must at least 25 days prior to the relevant Interest Payment Date deliver a notice to the Issuer (with a copy to the Trustee, the Servicer and the Cash Administrator) that it intends to exercise the Mortgage Pool Option (the "**Exercise Notice**") which shall contain details of the proposed completion date for the exercise of the option (the "**Mortgage Pool Purchase Completion Date**"), which shall be any Business Day immediately prior to the next Interest Payment Date to occur after the delivery of the Exercise Notice, (**provided that**, if the Exercise Notice is delivered within 25 days of the next Interest Payment Date, the Mortgage Pool Purchase Completion Date shall occur on any Business Day during the Interest Period immediately prior to the second Interest Payment Date to occur after the date of Exercise Notice). Following receipt of the Exercise Notice, the Cash Administrator, on behalf of the Issuer, shall send to the Mortgage Pool Option Holder a notice signed by the Issuer specifying the Mortgage Pool Purchase Price (a "**Purchase Price Notice**"). If the Mortgage Pool Option Holder agrees to the Mortgage Pool Purchase Price as set out in the Purchase Price Notice, it will send an acceptance notice to the Issuer, the Trustee, the Cash Administrator and the Principal Paying Agent confirming that the purchase shall take place on the Mortgage Pool Purchase Completion Date at the then agreed Mortgage Pool Purchase Price.

It will be a condition of the exercise of the Mortgage Pool Option that either (i) the purchaser is resident for tax purposes in the United Kingdom, or (ii) each of the Issuer and the Trustee, as applicable, having received tax advice from an appropriately qualified and experienced United Kingdom tax adviser in form and substance satisfactory to it, or such other comfort as may reasonably be required by it (including, without limitation, any clearance or other confirmation granted by HMRC), and is satisfied that the sale of the Loans will not expose the Issuer or the Legal Title Holder, as applicable, to a risk of loss in consequence of United Kingdom income tax being required to be withheld from amounts paid in respect of the Loans. The costs relating to such tax advice shall be borne by the Mortgage Pool Option Holder.

On the date during such Interest Period that the Mortgage Pool Option Holder (or nominated third party purchaser) acquires the Mortgage Pool pursuant to the terms of the Deed Poll such person will on such date deposit such amounts as may be required to purchase the Mortgage Pool and its Collateral Security in the Transaction Account as the cash collateral for the Issuer's payment obligations (including the redemption of the Notes in full) on the immediately following Interest Payment Date.

### **Market Portfolio Sale**

In the event the Mortgage Pool Option Holder fails to exercise the Mortgage Pool Option on or before the Interest Period immediately succeeding the Interest Payment Date occurring after the Mortgage Pool Option Date, the Seller shall, pursuant to the terms of the Mortgage Sale Agreement, undertake to use reasonable endeavours to appoint a third party liquidation agent, which shall be an independent adviser of recognised standing (a "**Liquidation Agent**"), as agent of the Issuer, as soon as practically possible thereafter, who will seek offers from third parties to purchase and accept transfer, assignment and/or assignment of the Mortgage Pool and its Collateral Security (a "**Market Portfolio Sale**") for a purchase price which, together with any amounts standing to the credit of the Transaction Account and/or any other cash held by or on behalf of the Issuer (other than any Swap Excluded Receivable Amounts), would be at least equal to the amount required to pay any amounts required under the relevant Priority of Payments to be paid in priority to or *pari passu* with the Notes on the Interest Payment Date following the proposed completion date for the Market Portfolio Sale (the "**Market Portfolio Sale Completion Date**"), redeem all Notes then outstanding in full together with accrued and unpaid interest on such Notes and pay costs associated with the redemption, as calculated as at the Market Portfolio Sale Completion Date but with regard to the amounts to be paid on the relevant Interest Payment Date (the "**Market Sale Minimum Price**").

Any instruction in relation to seeking offers for a Market Portfolio Sale will only be given to the Liquidation Agent after the Issuer has obtained an opinion from an appropriately qualified and experienced United Kingdom tax adviser that neither the process of seeking bids, nor selling the portfolio to successful bidders should cause the Issuer to cease to be taxed in accordance with the Taxation of Securitisation Companies Regulations 2006.

The Market Portfolio Sale will also be subject to the following conditions (the "**Portfolio Auction Conditions**"):

- (a) the Liquidation Agent must seek and receive at least three bids from potential purchasers of the Loans and the Related Security;
- (b) the purchase price for the Loans and the Related Security sold pursuant to the portfolio auction process shall be at least an amount equal to the Market Sale Minimum Price;
- (c) either (i) the purchaser is resident for tax purposes in the United Kingdom, or (ii) each of the Issuer and the Seller, as applicable, having received tax advice from an appropriately qualified and experienced United Kingdom tax adviser in form and substance satisfactory to it, or such other comfort as may reasonably be required by it (including, without limitation, any clearance or other confirmation granted by HMRC), and is satisfied that the sale of the Loans will not expose the Issuer or the Legal Title Holder, as applicable, to a risk of loss in consequence of United Kingdom income tax being required to be withheld from amounts paid in respect of the Loans;
- (d) either (i) the purchaser of the legal title to the Loans has all the appropriate licences, approvals, authorisations, consents, permissions and registrations (including any approvals, authorisations, consents, permissions and registrations required to be maintained under the FSMA and any rules and regulations of the FCA) required to administer residential mortgage loans such as the Loans (the "**Relevant Authorisations**") or (ii) the purchaser of the beneficial interest in the Loans has appointed a servicer who has the Relevant Authorisations; and
- (e) the purchaser of the beneficial interest in the Loans and their Collateral Security shall not be permitted to transfer the beneficial interest in the Loans and their Collateral Security to a further purchaser until the assignment and/or assignation of the legal title to the Loans and their Collateral Security in favour of the purchaser of legal title to the Loans and their Collateral Security is perfected unless such transfer of beneficial interest is made to an entity which is within charge to UK Corporation tax.

The tax advice referred to in (c) above shall be obtained at the cost of the purchaser of the beneficial interest in the Loans and the Collateral Security.

The Liquidation Agent shall accept any bid which offers a purchase price equal to or higher than the Market Sale Minimum Price, provided that if more than one bid offers a price higher than the Market Sale Minimum Price, the Liquidation Agent shall accept the bid which, in its view, is the strongest bid for the purchase of the Mortgage Pool and Collateral Security (having regard to the price offered, execution risk and any other factors considered necessary by the Liquidation Agent) (the price at which the bid is accepted, the "**Market Portfolio Purchase Price**").

In the event the Market Portfolio Sale is deemed an Unsuccessful Market Portfolio Sale, the Liquidation Agent shall seek further bids from potential purchasers in relation to the Loans and Collateral Security. The process of repeating the process of seeking further bids shall commence on the date falling 60 days prior to the fourth Interest Payment Date following the date on which a Market Portfolio Sale is deemed to be an Unsuccessful Market Portfolio Sale. The process of seeking bids shall be repeated in the manner set out above until a successful bidder has been identified.

The successful third party bidder shall deposit the Market Portfolio Purchase Price in the Transaction Account on the Market Portfolio Sale Completion Date as the cash collateral for the Issuer's payment obligations (including the redemption of the Notes in full) on the immediately following Interest Payment Date.

In connection with the Market Portfolio Sale, the beneficial title to the Loans will be transferred on the Market Portfolio Sale Completion Date. However, the perfection of the assignment and/or assignation of the legal title to the Loans and the giving of notices and/or intimations of such assignments and/or assignations to the Borrowers may take place immediately after the Market Portfolio Sale Completion Date.

#### **Risk Retention Regulatory Change Option**

Pursuant to the Risk Retention Regulatory Change Deed Poll, following a Risk Retention Regulatory Change Event, the Risk Retention Regulatory Change Option Holder has the right to purchase (or nominate

a third party purchaser to purchase) the Mortgage Pool and its Collateral Security during the Interest Period immediately preceding the Interest Payment Date on which the Notes will be redeemed in accordance with the Notes Conditions and for a purchase price which, together with any amounts standing to the credit of the Transaction Account and/or any other cash held by or on behalf of the Issuer (other than any Swap Excluded Receivable Amounts), would be required to pay any amounts required under the relevant Priority of Payments to be paid in priority to or *pari passu* with the Notes on such Interest Payment Date, redeem all Notes then outstanding in full together with accrued and unpaid interest on such Notes and pay costs associated with the redemption as calculated at the Risk Retention Regulatory Change Mortgage Pool Purchase Completion Date but with regard to the amounts to be paid on the relevant Interest Payment Date.

To effect such Risk Retention Regulatory Change Option, the Risk Retention Regulatory Change Option Holder must at least 25 days prior to the relevant Interest Payment Date deliver a notice to the Issuer (with a copy to the Trustee, the Servicer and the Cash Administrator) that it intends to exercise the Risk Retention Regulatory Change Option (the "**Risk Retention Regulatory Change Option Exercise Notice**") which shall contain details of the proposed completion date for the exercise of the option (the "**Risk Retention Regulatory Change Mortgage Pool Purchase Completion Date**"), which shall be any Business Day immediately prior to the next Interest Payment Date to occur after the delivery of the Risk Retention Regulatory Change Option Exercise Notice, (**provided that**, if the Risk Retention Regulatory Change Option Exercise Notice is delivered within 25 days of the next Interest Payment Date, the Risk Retention Regulatory Change Mortgage Pool Purchase Completion Date shall occur on any Business Day during the Interest Period immediately prior to the second Interest Payment Date to occur after the date of Risk Retention Regulatory Change Option Exercise Notice). Following receipt of the Exercise Notice, the Cash Administrator on behalf of the Issuer, shall send to the Risk Retention Regulatory Change Option Holder a notice signed by the Issuer specifying the Risk Retention Regulatory Change Option Purchase Price (also a "**Risk Retention Regulatory Change Option Purchase Price Notice**"). If the Risk Retention Regulatory Change Option Holder agrees to the Risk Retention Regulatory Change Option Purchase Price as set out in the Risk Retention Regulatory Change Option Purchase Price Notice, it will send an acceptance notice to the Issuer, the Trustee, the Cash Administrator and the Principal Paying Agent confirming that the purchase shall take place on the Risk Retention Regulatory Change Mortgage Pool Purchase Completion Date at the then agreed Risk Retention Regulatory Change Option Purchase Price.

It will be a condition of exercise of the Risk Retention Regulatory Change Option that either (i) the purchaser is resident for tax purposes in the United Kingdom, or (ii) each of the Issuer and the Trustee, as applicable, having received tax advice from an appropriately qualified and experienced United Kingdom tax adviser in form and substance satisfactory to it, or such other comfort as may reasonably be required by it (including, without limitation, any clearance or other confirmation granted by HMRC), is satisfied that the sale of the Mortgage Pool and Collateral Security will not expose the Issuer or the Legal Title Holder, as applicable, to a risk of loss in consequence of United Kingdom income tax being required to be withheld from amounts paid in respect of the Loans. The costs relating to such tax advice shall be borne by the Risk Retention Regulatory Change Option Holder.

On the date during such Interest Period that the Risk Retention Regulatory Change Option Holder (or nominated third party purchaser) acquires the Mortgage Pool and its Collateral Security pursuant to the terms of the Risk Retention Regulatory Change Deed Poll such person will on such date deposit such amounts as may be required to purchase the Mortgage Pool and its Collateral Security in the Transaction Account as the cash collateral for the Issuer's payment obligations (including the redemption of the Notes in full) on the immediately following Interest Payment Date.

#### ***Redemption of Notes and Cancellation of Certificates***

On the Interest Payment Date immediately following the Mortgage Pool Purchase Completion Date or the Risk Retention Regulatory Change Mortgage Pool Purchase Completion Date, the Notes will be redeemed in full and the Certificates will be cancelled.

#### ***Securitisation Regulation representations, warranties and undertakings***

The Seller will also give various representations, warranties and undertakings for the purposes of the Securitisation Regulation as follows:

- (a) For the purpose of Article 5(1)(b) of the Securitisation Regulation, the Seller will represent and warrant that, it has granted all the credits giving rise to the underlying exposures to be acquired by

the Issuer on the basis of sound and well-defined criteria and clearly established processes for approving, amending, renewing and financing those credits and has effective systems in place to apply those criteria and processes to ensure that credit-granting is based on a thorough assessment of the obligor's creditworthiness.

- (b) For the purposes of Article 5(3) of the Securitisation Regulation, the Seller, as originator, will undertake to make available to potential investors sufficient information so as to enable those potential investors to comply with Article 5(3) of the Securitisation Regulation.
- (c) For the purposes of Article 5(4) of the Securitisation Regulation, the Seller, as originator, will undertake to make available to Noteholders quarterly investor reports, containing at a minimum, sufficient information so as to permit Noteholders to determine the percentage of loans more than 30, 60 and 90 days past due, default rates, prepayment rates, loans in foreclosure, recovery rates, repurchases, loan modifications, payment holidays, collateral type and occupancy, and frequency distribution of credit scores or other measures of credit worthiness across underlying exposures, industry and geographical diversification, frequency distribution of loan to value ratios with band widths that facilitate adequate sensitivity analysis. The material referred to in this paragraph (c) shall be made available at the latest one month after the end of the period the report covers.
- (d) For the purposes of Article 6(2) of the Securitisation Regulation, the Seller will represent and warrant that, as the originator, it has not selected assets to be acquired by the Issuer with the aim of rendering losses on the assets transferred to the Issuer, measured over the life of the transaction, or over a maximum of 4 years where the life of the transaction is longer than four years, higher than the losses over the same period on comparable assets held on the balance sheet of the Seller.
- (e) For the purposes of Article 7(2) of the Securitisation Regulation, the Issuer is designated as the entity required to provide the information referred to in Article 7(1) of the Securitisation Regulation.
- (f) For the purposes of Article 9(1) of the Securitisation Regulation, the Seller as originator will represent, warrant and undertake that:
  - (i) it has and will apply to exposures to be acquired by the Issuer, the same sound and well-defined criteria for credit-granting which it has applied to non-securitised exposures;
  - (ii) it will apply the same clearly established processes for approving and, where relevant, amending, renewing and refinancing credits held by the Issuer; and
  - (iii) it has effective systems in place to apply those criteria and processes in order to ensure that credit-granting is based on a thorough assessment of the obligor's creditworthiness taking appropriate account of factors relevant to verifying the prospect of the obligor meeting his obligations under the credit agreement.

## CREDIT STRUCTURE

The Notes and Certificates will not be obligations of the Account Bank, the Swap Collateral Account Bank, the Collection Account Provider, the Co-Arrangers and Joint Lead Managers, the Cash Administrator, the Cash Administrator Facilitator, the Corporate Services Provider, the Trustee, the Swap Counterparty, the Servicer, the Servicer Facilitator, the Legal Title Holder, the Seller, the Principal Paying Agent or anyone other than the Issuer and will not be guaranteed by any such party. None of the Account Bank, the Swap Collateral Account Bank, the Collection Account Provider, the Co-Arrangers and Joint Lead Managers, the Cash Administrator, the Cash Administrator Facilitator, the Corporate Services Provider, the Trustee, the Swap Counterparty, the Servicer, the Servicer Facilitator, the Legal Title Holder, the Seller, the Principal Paying Agent and the Joint Lead Managers nor anyone other than the Issuer will accept any liability whatsoever in respect of any failure to pay any amount due under the Notes and Certificates.

As a condition to the issue of the Notes:

- the A Notes are expected to be rated AAA(sf) by DBRS and AAA(sf) by S&P;
- the B Notes are expected to be rated AA(sf) by DBRS and AA+(sf) by S&P;
- the C Notes are expected to be rated A (high)(sf) by DBRS and AA(sf) by S&P;
- the D Notes are expected to be rated BBB (high)(sf) by DBRS and A+(sf) by S&P;
- the E Notes are expected to be rated BB (high)(sf) by DBRS and A-(sf) by S&P; and
- the F Notes are expected to be rated B (low)(sf) by DBRS and BB+(sf) by S&P.

None of the G, Z or X Notes or the Certificates will be rated.

Ratings are expected to be assigned to the A Notes, the B Notes, the C Notes, the D Notes, the E Notes and the F Notes (together the "**Rated Notes**") as set out above on or before the Issue Date. For the avoidance of doubt, the G Notes, the X Notes and the Z Notes are not expected to be assigned ratings.

The ratings assigned to the Rated Notes by S&P address, *inter alia* (a) the likelihood of full and timely payment to the holders of the Most Senior Class of all payments of interest on each Interest Payment Date and (b) the likelihood of full and ultimate payment to the Noteholders of principal in relation to the Rated Notes on or prior to the Final Maturity Date.

The ratings assigned by DBRS address, *inter alia*: (a) the likelihood of full and timely payment to the holders of the Most Senior Class of all payments of interest on each Interest Payment Date; and (b) full payment of principal due to the holders of the Rated Notes by a date that is not later than the Final Maturity Date for the Rated Notes.

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

The structure of the credit arrangements may be summarised as follows:

### **The Notes**

The Notes will be issued fully paid on the Issue Date and the proceeds will be used for the purposes described in the section entitled "*Use of Proceeds*".

### **Issue Price and Redemption of Notes**

On the Issue Date, the Issuer will issue:

- (a) the A Notes at an issue price of 100 per cent. of the principal amount of the A Notes;
- (b) the B Notes at an issue price of 100 per cent. of the principal amount of the B Notes;

- (c) the C Notes at an issue price of 100 per cent. of the principal amount of the C Notes;
- (d) the D Notes at an issue price of 100 per cent. of the principal amount of the D Notes;
- (e) the E Notes at an issue price of 100 per cent. of the principal amount of the E Notes;
- (f) the F Notes at an issue price of 99.25 per cent. of the principal amount of the F Notes;
- (g) the G Notes at an issue price of 91.50 per cent. of the principal amount of the G Notes;
- (h) the X Notes at an issue price of 100 per cent. of the principal amount of the X Notes; and
- (i) the Z Notes at an issue price of 69 per cent. of the principal amount of the Z Notes.

On the Issue Date, the Issuer will also issue the Certificates. The Certificates will initially be issued to the Seller. Each of the Notes will be redeemed in accordance with Notes Condition 5 (*Redemption*).

### **Receipts**

The Cash Administrator on behalf of the Issuer will calculate on each Determination Date the Available Revenue Funds of the Issuer for the previous Determination Period (as set out in the Cash Administration Agreement). The Cash Administrator will on the next Interest Payment Date apply such Available Revenue Funds on behalf of the Issuer to make payments of interest on the Notes as well as certain amounts under the Pre-Enforcement Revenue Priority of Payments (see Notes Condition 2(c) (*Pre-Enforcement Revenue Priority of Payment*)).

### **Credit Support for the Notes Provided by "Available Revenue Funds"**

The interest rates payable by Borrowers in respect of the Loans vary in respect of different Borrowers and different types of Loans. The actual amount of interest received from Borrowers will vary during the life of the Notes; two of the key factors determining such variations are the level of delinquencies experienced and the weighted average interest rate in each case on the Mortgage Pool. Available Revenue Funds may be applied (after making payments or provisions ranking higher in the Pre-Enforcement Revenue Priority of Payments) on each Interest Payment Date towards reducing any Principal Deficiency.

To the extent that the amount of Available Revenue Funds standing to the credit of the Revenue Ledger on each Interest Payment Date exceeds the amount required to meet items (i) to (xviii) (inclusive) of the Pre-Enforcement Revenue Priority of Payments such funds are available to replenish the General Reserve Fund which is itself available to be drawn upon on any other Interest Payment Date upon which there exists a Shortfall.

### **The Reserve Funds**

In order to provide limited coverage for insufficient funds available (a) to provide, in respect of the General Reserve Fund for payment of items (i) to (xviii) of the Pre-Enforcement Revenue Priority of Payments (a "**Shortfall**") the Issuer will establish the General Reserve Fund on the Issue Date and/or (b) to provide, in respect of the Liquidity Reserve Fund, for payment of items (i) to (vi) of the Pre-Enforcement Revenue Priority of Payments (such shortfall arising from time to time, a "**Revenue Shortfall**"), the Issuer will establish the Liquidity Reserve Fund on the Issue Date.

### **General Reserve Fund**

The General Reserve Fund will, on the Issue Date be maintained within the Transaction Account and recorded in the General Reserve Fund Ledger. The General Reserve Fund will be fully funded on the Issue Date by the entire proceeds of the Z Notes and a proportion of the proceeds from the X Notes up to General Reserve Fund Required Amount.

The Issuer is required to maintain at all times a minimum balance standing to the credit of the General Reserve Fund equal to the General Reserve Fund Required Amount. The "**General Reserve Fund Required Amount**" is:

- (a) on the Issue Date, 2 per cent. of the Principal Amount Outstanding of the aggregate of the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes and the G Notes as at the Issue Date, being £4,200,000;
- (b) on any Interest Payment Date, 2 per cent. of the Principal Amount Outstanding of the aggregate of the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes and the G Notes as at that Interest Payment Date prior to the application of the Pre-Enforcement Principal Priority of Payments; or
- (c) following redemption in full of the A Notes to F Notes (inclusive), zero.

The General Reserve Fund Ledger will, from time to time, be credited in accordance with the Pre-Enforcement Revenue Priority of Payments.

Amounts standing to the credit of the General Reserve Fund Ledger in excess of the General Reserve Fund Required Amount (the "**General Reserve Fund Excess Amounts**") will, on an Interest Payment Date, be released as Available Revenue Funds.

The General Reserve Fund shall be maintained until such time as the F Notes are redeemed in full. Following redemption in full of the F Notes, any remaining balance in the General Reserve Fund will form part of Available Revenue Funds to be applied in accordance with the Pre-Enforcement Revenue Priority of Payments or the Post-Enforcement Priority of Payments (as applicable).

The General Reserve Fund will be applied as set out in "*Application of the General Reserve Fund and the Liquidity Reserve Fund and Principal Addition Amounts – Shortfall, Revenue Shortfall and Further Revenue Shortfall*" below.

#### **Liquidity Reserve Fund**

On the Issue Date, the Issuer will establish the Liquidity Reserve Fund which will be maintained within the Transaction Account and recorded on the Liquidity Reserve Fund Ledger. The Issuer is required to maintain an amount equal to the Liquidity Reserve Fund Required Amount in the Liquidity Reserve Fund.

The "**Liquidity Reserve Fund Required Amount**" shall be calculated as follows:

- (a) on the Issue Date, the Liquidity Reserve Fund Required Amount shall be zero; or
- (b) on any Interest Payment Date, the Liquidity Reserve Fund Required Amount shall be an amount equal to 1.5 per cent. of the of the aggregate Principal Amount Outstanding of the A Notes on that Interest Payment Date prior to the application of the Pre-Enforcement Principal Priority of Payments.

On each Interest Payment Date following the Issue Date, the Issuer will fund the Liquidity Reserve Fund utilising Available Principal Funds in accordance with the Pre-Enforcement Principal Priority of Payments until the cumulative amount standing to the credit of the Liquidity Reserve Fund Ledger equals the Liquidity Reserve Fund Required Amount (the date on which such condition is satisfied being the "**Initial LRF Funding Date**") and thereafter the Liquidity Reserve Fund shall be funded on each Interest Payment Date utilising Available Revenue Funds in accordance with the Pre-Enforcement Revenue Priority of Payments.

If, on any Interest Payment Date, the amounts standing to the credit of the Liquidity Reserve Fund Ledger (after the application of amounts payable pursuant to item (vii)(A) and (B) of the Pre-Enforcement Revenue Priority of Payments) exceed the Liquidity Reserve Fund Required Amount (such excess being the "**Liquidity Reserve Fund Excess Amounts**"), such Liquidity Reserve Fund Excess Amounts will be applied as, and form part of, Available Principal Funds on such Interest Payment Date.

#### **Application of the General Reserve Fund and the Liquidity Reserve Fund and Principal Addition Amounts – Shortfall, Revenue Shortfall and Further Revenue Shortfall**

If the Cash Administrator determines on the immediately preceding Determination Date that there will be a Shortfall or a Revenue Shortfall, the Cash Administrator may (as set out in the Cash Administration

Agreement), on any Interest Payment Date, apply any amounts standing to the credit of the General Reserve Fund and the Liquidity Reserve Fund towards a Shortfall or a Revenue Shortfall as follows:

- (a) where there is a Shortfall, the Issuer shall first pay or provide for that Shortfall by the application of the General Reserve Fund; and
- (b) thereafter on each Determination Date, if following application of the Available Revenue Funds there is a Revenue Shortfall, the Issuer shall pay or provide for that Revenue Shortfall by the application of the Liquidity Reserve Fund to be applied as Available Revenue Funds and applied to items (i) to (vi) (inclusive) of the Pre-Enforcement Revenue Priority of Payments in the order therein.

If, on any relevant Interest Payment Date, the amounts of Available Revenue Funds, together with funds standing to the credit of the General Reserve Fund and the Liquidity Reserve Fund is calculated to result in a Further Revenue Shortfall, Available Principal Funds will then be applied as item (h) in the definition of Available Revenue Funds to the extent of the shortfall in accordance with item (ii) the Pre-Enforcement Principal Priority of Payments (such amounts "**Principal Addition Amounts**") and such Principal Addition Amounts will be applied to items (i) to (vi) (inclusive) and (if the A Notes have been redeemed in full) the relevant item corresponding to the payment of amounts (other than in respect of principal) in respect of the Most Senior Class, in each case of the Pre-Enforcement Revenue Priority of Payments in the order therein.

### ***The Notes***

Each Class of 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 B Notes, which will rank in priority to the C Notes, which will rank in priority to the D Notes, which will rank in priority to the E Notes, which will rank in priority to the F Notes, which will rank in priority to the G Notes, which will rank in priority to the X Notes, which will rank in priority to the Z Notes, which will rank in priority to the Certificates, and:

- (a) prior to (i) the service of an Enforcement Notice, or (ii) the occurrence of a Redemption Event:
  - (i) the A Notes will rank *pari passu* and without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Notes Condition 2 (*Status, Security and Administration*) and Notes Condition 5 (*Redemption*) below, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes, the X Notes, the Z Notes and the Certificates as to payment of principal;
  - (ii) the B Notes will rank *pari passu* without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Notes Condition 2 (*Status, Security and Administration*) and Notes Condition 5 (*Redemption*) below, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes, the X Notes, the Z Notes and the Certificates as to payment of principal;
  - (iii) the C Notes will rank *pari passu* without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Notes Condition 2 (*Status, Security and Administration*) and Notes Condition 5 (*Redemption*) below, the D Notes, the E Notes, the F Notes, the G Notes, the X Notes, the Z Notes and the Certificates as to payment of principal;
  - (iv) the D Notes will rank *pari passu* without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Notes Condition 2 (*Status, Security and Administration*) and Notes Condition 5 (*Redemption*) below, the E Notes, the F Notes, the G Notes, the X Notes, the Z Notes and the Certificates as to payment of principal;
  - (v) the E Notes will rank *pari passu* without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Notes Condition 2 (*Status, Security and Administration*) and Notes Condition 5 (*Redemption*) below, the F Notes, the G Notes, the X Notes, the Z Notes and the Certificates as to payment of principal;



- (vi) the F Notes will rank *pari passu* without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Notes Condition 2 (*Status, Security and Administration*) and Notes Condition 5 (*Redemption*) below, the G Notes, the X Notes, the Z Notes and the Certificates as to payment of principal;
- (vii) the G Notes will rank *pari passu* without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Notes Condition 2 (*Status, Security and Administration*) and Notes Condition 5 (*Redemption*) below, the X Notes, the Z Notes and the Certificates as to payment of principal;
- (viii) the X Notes will rank *pari passu* without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Notes Condition 2 (*Status, Security and Administration*) and Notes Condition 5 (*Redemption*) below, the Z Notes and the Certificates as to payment of principal; and
- (ix) the Z Notes will rank *pari passu* without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Notes Condition 2 (*Status, Security and Administration*) and Notes Condition 5 (*Redemption*) below, the Certificates as to payment of principal; and
- (x) subject as provided below, the Certificates will rank *pari passu* without preference or priority amongst themselves for all purposes but will rank after the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes, the X Notes and the Z Notes.

Further, payments of principal in respect of the X Notes and the Z Notes will be payable only to the extent there are: (i) Available Revenue Funds under and in accordance with the Pre-Enforcement Revenue Priority of Payments; or (ii) available funds under the Post-Enforcement Priority of Payments, if applicable.

- (b) following (i) the service of an Enforcement Notice, or (ii) the occurrence of a Redemption Event:
  - (i) the A Notes will rank *pari passu* and without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Notes Condition 2 (*Status, Security and Administration*) and Notes Condition 5 (*Redemption*) below, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes, the X Notes, the Z Notes and the Certificates as to payment of principal;
  - (ii) the B Notes will rank *pari passu* and without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Notes Condition 2 (*Status, Security and Administration*) and Notes Condition 5 (*Redemption*) below, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes, the X Notes, the Z Notes and the Certificates as to payment of principal;
  - (iii) the C Notes will rank *pari passu* and without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Notes Condition 2 (*Status, Security and Administration*) and Notes Condition 5 (*Redemption*) below, the D Notes, the E Notes, the F Notes, the G Notes, the X Notes, the Z Notes and the Certificates as to payment of principal;
  - (iv) the D Notes will rank *pari passu* and without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Notes Condition 2 (*Status, Security and Administration*) and Notes Condition 5 (*Redemption*) below, the E Notes, the F Notes, the G Notes, the X Notes, the Z Notes and the Certificates as to payment of principal;
  - (v) the E Notes will rank *pari passu* and without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Notes Condition 2 (*Status, Security and Administration*) and Notes Condition 5 (*Redemption*) below, the F Notes, the G Notes, the X Notes, the Z Notes and the Certificates as to payment of principal;

- (vi) the F Notes will rank *pari passu* and without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Notes Condition 2 (*Status, Security and Administration*) and Notes Condition 5 (*Redemption*) below, the G Notes, the X Notes, the Z Notes and the Certificates as to payment of principal;
- (vii) the G Notes will rank *pari passu* without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Notes Condition 2 (*Status, Security and Administration*) and Notes Condition 5 (*Redemption*) below, the X Notes, the Z Notes and the Certificates as to payment of principal;
- (viii) the X Notes will rank *pari passu* and without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Notes Condition 2 (*Status, Security and Administration*) and Notes Condition 5 (*Redemption*) below, the Z Notes and the Certificates as to payment of principal;
- (ix) the Z Notes will rank *pari passu* and without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Notes Condition 2 (*Status, Security and Administration*) and Notes Condition 5 (*Redemption*) below, the Certificates as to payment of principal; and
- (x) subject as provided below, the Certificates will rank *pari passu* without preference or priority amongst themselves for all purposes but will rank after the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the X Notes and the Z Notes.

Interest on the Notes will be payable in arrear as provided in Notes Condition 4 (*Interest*).

The entire proceeds of the Z Notes and a proportion of the proceeds from the X Notes will be used to fund the General Reserve Fund up to the General Reserve Fund Required Amount. The proceeds of the X Notes will be used, among other things, to fund the Pre-Funding Revenue Reserve Ledger, the Pre-Funding Principal Reserve and to pay the Issuer Costs and Expenses. An amount equal to £400,000 shall be credited on the Issue Date to the Pre-Funding Revenue Reserve Ledger for the funding by the Issuer of the Pre-Funding Revenue Reserve and an amount equal to £15,237,657 shall be credited on the Issue Date to the Pre-Funding Principal Reserve Ledger for the funding by the Issuer of the Pre-Funding Principal Reserve. An amount equal to £250,000 shall be credited on the Issue Date to the Start-Up Costs Ledger for the payment by the Issuer of the Issuer Costs and Expenses. Any balance standing to the credit of the Start-Up Costs Ledger on the Determination Date falling immediately prior to the first Interest Payment Date, after taking into account any I to SC Upfront Rebalancing Payments, shall be paid directly to the Certificateholders and will not form part of the Available Revenue Funds.

Each Certificate represents a *pro rata* entitlement to receive (i) any residual balance following payment of all senior items in the relevant Priority of Payments by way of deferred consideration for the purchase by the Issuer of the Completion Mortgage Pool and any Additional Loans, (ii) amounts equal to any Excess Mortgage Early Redemption Amounts received by the Issuer during each Determination Period, (iii) on the Issue Date, Excess X Note Proceeds, (iv) on the first Interest Payment Date, any surplus amount standing to the credit of the Start-Up Costs Ledger as at the immediately preceding Determination Date, and (v) an amount equal to any SC to I Upfront Rebalancing Payment.

Payments in respect of the Certificates shall only be payable (a) out of Available Revenue Funds under and in accordance with the Pre-Enforcement Revenue Priority of Payments; (b) out of Available Principal Funds in accordance with the Pre-Enforcement Principal Priority of Payments; (c) out of Available Revenue Funds and Available Principal Funds in accordance with the Post-Enforcement Priority of Payments after (i) the date on which the Trustee serves an Enforcement Notice on the Issuer pursuant to Notes Condition 9 (*Events of Default*) declaring the Notes to be due and repayable or (ii) the occurrence of a Redemption Event; (d) on each Interest Payment Date from any Excess Mortgage Early Redemption Amounts received in respect of a Loan by the Issuer during the prior Determination Period, (e) on the first Interest Payment Date, from any surplus amount standing to the credit of the Start-Up Costs Ledger as at the immediately preceding Determination Date; (f) out of Excess X Note Proceeds on the Issue Date; and (g) on the first Interest Payment Date an amount equal to any SC to I Upfront Rebalancing Payment.

## **Principal Deficiency Ledger**

A Principal Deficiency Ledger comprising 7 sub-ledgers, being the A Principal Deficiency Ledger, the B Principal Deficiency Ledger, the C Principal Deficiency Ledger, the D Principal Deficiency Ledger, the E Principal Deficiency Ledger, the F Principal Deficiency Ledger and the G Principal Deficiency Ledger respectively, will be established in order to record Realised Losses and/or the application of any Principal Addition Amounts to meet a Further Revenue Shortfall.

Any Realised Losses and the application of any Principal Addition Amounts to meet a Further Revenue Shortfall shall firstly be debited from the G Principal Deficiency Ledger (such debit items then being recredited at item (xxi) of the Pre-Enforcement Revenue Priority of Payments) so long as the debit balance on such sub-ledger is less than or equal to the Principal Amount Outstanding of the G Note, and shall then be debited from the F Principal Deficiency Ledger (such debit items being recredited at item (xviii) of the Pre-Enforcement Revenue Priority of Payments) so long as the debit balance on such sub-ledger is less than or equal to the Principal Amount outstanding of the F Notes, and shall then be debited from the E Principal Deficiency Ledger (such items to be recredited at item (xvi) of the Pre-Enforcement Revenue Priority of Payments) so long as the debit balance on the sub-ledger is less than or equal to the Principal Amount Outstanding of the E Notes, and shall then be debited from the D Principal Deficiency Ledger (such items to be recredited at item (xiv) of the Pre-Enforcement Revenue Priority of Payments) so long as the debit balance on the sub-ledger is less than or equal to the Principal Amount Outstanding of the D Notes, the C Principal Deficiency Ledger (such debit items being recredited at item (xii) of the Pre-Enforcement Revenue Priority of Payments) so long as the debit balance on such sub ledger is less than or equal to the Principal Amount Outstanding of the C Notes, and shall then be debited from the B Principal Deficiency Ledger (such debit items being recredited at item (x) of the Pre-Enforcement Revenue Priority of Payments) so long as the debit balance on such sub-ledger is less than or equal to the Principal Amount Outstanding of the B Notes, and shall then be debited from the A Principal Deficiency Ledger (such debit items being recredited at item (viii) of the Pre-Enforcement Revenue Priority of Payments) so long as the debit balance on such sub-ledger is less than or equal to the Principal Amount Outstanding of the A Notes.

## **Collection Account, Bank Accounts and Authorised Investments**

### ***Collection Account***

#### *General*

Unless otherwise agreed in writing by the Issuer and the Trustee, all payments by Borrowers in respect of amounts due under the Loans will be made into the Collection Account.

#### *Collection Account*

Payments by Borrowers in respect of amounts due under the Loans may be made by direct debits, into an account in the name of the Legal Title Holder (the "**Collection Account**") at the Collection Account Provider. Payments by Borrowers by standing orders and payments may also be made by Borrowers direct into the Collection Account. No payments from Borrowers with mortgage loans from the Legal Title Holder which are not Loans in the Mortgage Pool should be paid into the Collection Account. The Legal Title Holder will declare a trust over the Collection Account in favour of the Issuer.

The Collection Account Provider shall be entitled at any time to deduct from the Collection Account any amounts to satisfy any of their obligations and/or liabilities properly incurred under the direct debiting scheme or in respect of other unpaid sums (including but not limited to cheques and payment reversals) in each case relating to the Collection Account in respect of the Mortgage Pool, or to pay amounts due or owing to the Collection Account Provider in connection with the operation of the Collection Account.

Additional Collection Accounts may be established in accordance with the Transaction Documents from time to time. An account so established will constitute a Collection Account **provided that** (i) the Legal Title Holder (or its transferee) has declared a trust over such account in favour of the Issuer; and (ii) the relevant accounting holding bank has the requisite Collection Account Rating Agency Required Ratings.

### ***Collection Account Agreement***

All amounts received from Borrowers will be credited initially to the Collection Account.

The Servicer is obliged to transfer collections in respect of the Loans standing to the credit of the Collection Account to the Transaction Account on a daily basis and by no later than close of business on the Business Day immediately following receipt of all amounts in cleared funds received by the Collection Account Provider and credited to the Collection Account in respect of the Mortgages, provided that this obligation applies only where the amount of such transfer from the Collection Account would equal or exceed £20,000 (as set out in the Collection Account Agreement).

### **Bank Agreement**

The Issuer will open with the Account Bank the Transaction Account, which will be used as the Issuer's operational account and from which the Issuer will make payments in accordance with the applicable Priority of Payments. The Transaction Account will also be used as the Issuer's account in respect of the establishment and operation of the Liquidity Reserve Fund.

### ***Authorised Investments***

Funds of the Issuer will be deposited into the Transaction Account and if in the opinion of the Servicer, the rate of interest earned is likely to exceed the rate of interest paid on the Transaction Account, the Issuer (or the Cash Administrator acting on the written instructions of the Issuer and the Servicer) will be entitled to invest in accordance with applicable laws and regulations all, or some, of such funds standing to the credit of the Transaction Account in Authorised Investments (as set out in the Cash Administration Agreement).

### **The Swap Agreement**

#### ***Interest Rate Risk for the Notes***

The Fixed Rate Mortgages in the Completion Mortgage Pool and in respect of the Additional Loans pay a fixed rate of interest for a period of time. However, the interest rate payable by the Issuer with respect to the Floating Rate Notes is an amount calculated by reference to SONIA (or such other rate as may be agreed between the Issuer and the Swap Counterparty in the context of a Benchmark Rate Modification).

To attempt to provide a hedge against the possible variance between:

- (a) the fixed rates of interest payable on the Fixed Rate Mortgages in the Completion Mortgage Pool and in respect of the Additional Loans; and
- (b) a rate of interest calculated by reference to SONIA payable on the Floating Rate Notes,

the Issuer will enter into the Interest Rate Swap with the Swap Counterparty on or around the Issue Date. The Interest Rate Swap will contemplate the hedging of the Fixed Rate Mortgages which are included in the Mortgage Pool and which are currently not more than three months in Arrears.

The Interest Rate Swap will be governed by the Swap Agreement.

#### ***Interest Rate Swap***

Under each Interest Rate Swap, for each Interest Period falling prior to the termination date of such Interest Rate Swap, the following amounts will be calculated:

- (a) the amount produced by applying a rate equal to Compounded Daily SONIA for the relevant Interest Period to the Swap Notional Amount of the Interest Rate Swap and multiplying the resulting amount by the day count fraction specified in the Swap Agreement (the "**Interest Period Swap Counterparty Amount**");
- (b) the sum of:
  - (i) the amount produced by applying the Swap Fixed Rate to Swap Notional Amount of the Interest Rate Swap and multiplying the resulting amount by the applicable day count fraction specified in the Swap Agreement; *plus*
  - (ii) the Swap Fixed Rate Scheduled Amount,  
(such amount the "**Interest Period Issuer Amount**"); and

- (c) provided that (A) a Mortgage Early Redemption Amount is payable during the relevant Swap Interest Period and; (B) the reduction by the Swap Counterparty of the Swap Notional Amount incurs a cost that is attributable to the reduction of the principal amount of the Fixed Rate Mortgages to which a Mortgage Early Redemption Amount in (i), above, relates (calculated by the Swap Counterparty in its sole discretion by reference to the change in the mark-to-market value of the Interest Rate Swap attributable to such reduction of in the Swap Notional Amount using commercially reasonable swap calculation methodology then currently prevailing in the market) (such cost amount expressed as a positive number, the "**Notional Reduction Cost Amount**"), the lesser of:
- (i) the aggregate of any Mortgage Early Redemption Amounts payable, if any during the relevant Swap Interest Period; and
  - (ii) Notional Reduction Cost Amount,
- (such amount, the "**Early Repayment Charge Swap Amount**").

After these three amounts are calculated in relation to a Interest Period, the following payments will be made on the relevant Interest Payment Date:

- (a) if (i) the Interest Period Swap Counterparty Amount for that Interest Payment Date is greater than; (ii) (a) the Interest Period Issuer Amount for that Interest Payment Date; *plus* (b) the Early Repayment Charge Swap Amount (if any) for that Interest Payment Date, then the Swap Counterparty will pay an amount equal to the difference to the Issuer;
- (b) if (i) (a) the Interest Period Issuer Amount for that Interest Payment Date; *plus* (b) the Early Repayment Charge Swap Amount (if any) for that Interest Payment Date, is greater than (ii) the Interest Period Swap Counterparty Amount for that Interest Payment Date, then the Issuer will pay an amount equal to the difference to the Swap Counterparty; and
- (c) if the amounts in (a) and (b) are equal, neither party will make a payment to the other.

If a payment is to be made by a Swap Counterparty, that payment will be included in the Available Revenue Funds and will be applied on or about the relevant Interest Payment Date according to the relevant Priority of Payments. If a payment is to be made by the Issuer, it will be made according to the relevant Priority of Payments of the Issuer.

### ***The Interest Rate Swap***

The Effective Date (as defined in the Interest Rate Swap) of the Interest Rate Swap is the Issue Date. On the first Interest Payment Date falling in December 2019, pursuant to the terms of the Swap Agreement, an I To SC Upfront Rebalancing Payment may be payable by the Issuer to the Swap Counterparty. The Issuer will fund such payment up to the I to SC Upfront Rebalancing Payment Cap from amounts standing to the credit of the Start-Up Costs Ledger in accordance with the Pre-Enforcement Revenue Priority of Payments.

The Termination Date of the Interest Rate Swap is the Relevant Period End Date falling on the earlier of:

- (a) Final Maturity Date in respect of the Notes;
- (b) the date on which the Notes have been redeemed in full in accordance with Condition 5(b) or with the prior consent of the Swap Counterparty; and
- (c) the date on which there are no Fixed Rate Mortgages with any principal amount outstanding in the Mortgage Pool.

For the purposes of calculating the Interest Period Swap Counterparty Amount and the Interest Period Issuer Amount for each Interest Period for the Interest Rate Swap, the notional amount of the Interest Rate Swap will reflect the principal outstanding of the Loans forming part of the Mortgage Pool during the relevant Interest Period. On each Interest Payment Date following the Effective Date, the Swap Notional Amount under the Swap Agreement will adjust to take account of the reduction of the principal amount of Loans which are Fixed Rate Mortgages, pursuant to: (i) a repayment in respect of which funds representing principal amount outstanding have received in part or in full in; (ii) Loans which are Fixed Rate Mortgages

have been re-transferred to the Seller pursuant to the Mortgage Sale Agreement; (iii) Enforcement Procedures have been completed in respect of Loans which are Fixed Rate Mortgages; (iv) the repurchase by the Seller of Loans which are Fixed Rate Mortgages following a Product Switch; or (v) the principal amount of Loans which are Fixed Rate Mortgages are otherwise reduced.

The Swap Notional Amount under the Swap Agreement will adjust to take account of any Additional Loans that are Fixed Rate Mortgages which are added to the Mortgage Pool from the Issue Date to the Final Additional Loan Purchase Date. In order to take account of the alteration that the addition of Additional Loans that are Fixed Rate Mortgages will make to the Swap Notional Amount, (i) a SC To I Upfront Rebalancing Payment or (ii) an I To SC Upfront Rebalancing Payment may be triggered, with such amounts being calculated on the basis of the prevailing mark-to-market of the Interest Rate Swap from the Swap Counterparty's perspective taking into consideration the revised Swap Notional Amount as a result of the Additional Loans that are Fixed Rate Mortgages compared to the mark-to-market of the Interest Rate Swap prior to the addition of the Additional Loans that are Fixed Rate Mortgages to the Mortgage Pool. For the avoidance of doubt, aside from the adjustment to the Swap Notional Amount and the payment of a SC To I Upfront Rebalancing Payment or an I To SC Upfront Rebalancing Payment, all other terms under the Swap Agreement shall remain the same.

#### *Upfront Payments in respect of the Interest Rate Swaps for Additional Loans*

If on the first Interest Payment Date there will be any I To SC Upfront Rebalancing Payment due and payable by the Issuer to the Swap Counterparty, the Issuer will fund such payment up to the I to SC Upfront Rebalancing Payment Cap from amounts standing to the credit of the Start-Up Costs Ledger in accordance with the Pre-Enforcement Revenue Priority of Payments.

If a SC To I Upfront Rebalancing Payment is due and payable by the Swap Counterparty, such amount will be paid on the first Interest Payment Date and will not form part of Available Revenue Funds but will be payable directly to the Certificateholders on the first Interest Payment Date.

#### *Overview of a Swap Agreement*

Under the terms of the Swap Agreement, in the event that the relevant rating(s) of the Swap Counterparty (or its guarantor, if applicable) assigned by a Rating Agency is or are below the Swap Counterparty Required Ratings, the Swap Counterparty will, in accordance with the Swap Agreement, be required to take certain remedial measures within the timeframe stipulated in the Swap Agreement and at its own cost which may include providing Swap Collateral for its obligations under the Swap Agreement, and/or arranging for its obligations under the Swap Agreement to be transferred to an entity with the Swap Counterparty Required Ratings, procuring another entity with the Swap Counterparty Required Ratings to become co-obligor or guarantor, as applicable, in respect of its obligations under the Swap Agreement or taking such other action (or inaction) that would result in the rating of the Rated Notes being maintained at, or restored to, the level it would have been at prior to such lower rating being assigned by the relevant Rating Agency.

To the extent required to be provided as set out above, Swap Collateral will be provided under a Credit Support Annex to the Schedule to the Swap Agreement and may take the form of cash in various currencies or eligible securities. The Swap Counterparty will be responsible for determining (in accordance with stipulated parameters) the amount of Swap Collateral which is required to be transferred. Any Swap Collateral provided will be transferred by the Swap Counterparty to the Swap Collateral Account. The Swap Counterparty may from time to time be required to transfer additional Swap Collateral, or may be entitled to require a transfer of equivalent Swap Collateral to it (**provided that** the Issuer will not be a net transferor of Swap Collateral). In certain circumstances of termination of the Swap Agreement, the value of Swap Collateral then held in the Swap Collateral Account will be taken into account in determining the respective obligations of the parties to such Swap Agreement as described below. Swap Collateral will not form part of Available Revenue Funds.

The Swap Agreement may be terminated in certain circumstances, including, but not limited to, the following, each as more specifically defined in the Swap Agreement (an "**Early Termination Event**"):

- (a) if there is a failure by a party to pay amounts due under the Swap Agreement and any applicable grace period has expired;
- (b) if certain insolvency events occur with respect to a party;

- (c) if a breach of a provision of the Swap Agreement by the Swap Counterparty is not remedied within the applicable grace period;
- (d) if a change of law results in the obligations of one of the parties becoming illegal;
- (e) if the Swap Counterparty is downgraded and fails to comply with the requirements of the downgrade provisions contained in the Swap Agreement (as described above);
- (f) service by the Trustee of an Enforcement Notice on the Issuer pursuant to Condition 9 (*Events of Default*) of the Notes;
- (g) if any Transaction Document, the Notes Conditions or the Certificates Conditions is modified or supplemented without the prior consent of the Swap Counterparty and, in the reasonable opinion of the Swap Counterparty, such modification would materially adversely affect any of the following:
  - (i) the amount, timing or priority of any payments or deliveries due to be made by or to the Swap Counterparty under the Notes Conditions, the Certificates Conditions or any Transaction Document;
  - (ii) the Issuer's ability to make such payments or deliveries to the Swap Counterparty;
  - (iii) the Swap Counterparty's rights in relation to any security (howsoever described, and including as a result of changing the nature or the scope of, or releasing such security) granted by the Issuer in favour of the Trustee on behalf of the Secured Creditors;
  - (iv) any amendment to Condition 5 (*Redemption*) of the Notes Conditions or any additional redemption rights in respect of the Notes; or
  - (v) Clause 20.1.2 (*Modification*) of the Trust Deed;
- (h) if, on substitution of the Issuer for taxation reasons pursuant to Condition 5(f) (*Optional Redemption for Taxation or Other Reasons*), the Swap Counterparty determines, acting in a commercially reasonable manner, that such substitution would, or there is a reasonable likelihood that it would, adversely affect the Swap Counterparty or any of its rights under any Transaction Document;
- (i) if an irrevocable notice is given by or on behalf of the Issuer that redemption of all the Notes will occur pursuant to Notes Condition 5(d) (*Optional Redemption in Full at the Direction of the Mortgage Pool Option Holder*) or Notes Condition 5(e) (*Optional Redemption in Full Following the Exercise of a Risk Retention Regulatory Change Option*) or Notes Condition 5(f) (*Optional Redemption for Taxation or Other Reasons*) or any other reason (other than in accordance with Notes Condition 5(a) (*Final Redemption of the Notes*) or Notes Condition 5(b) (*Mandatory Redemption of the Notes*) or with the prior written consent of the Swap Counterparty);
- (j) if the Issuer has proposed a Benchmark Rate Modification and Swap Rate Modification in accordance with Notes Condition 11(f) (*Modification and Waiver in relation to the Reference Rate*) and the requisite numbers of Noteholders have not objected to such Benchmark Rate Modification in accordance with Notes Condition 11(f) (*Modification and Waiver in relation to the Reference Rate*) within the relevant notification period but at such time the Swap Counterparty has not provided its written consent to the proposed Swap Rate Modification within the time period specified by the Issuer (or the Servicer or Cash Administrator on its behalf);
- (k) if the Issuer fails to deliver specific information (including the Servicer Report, various notices, reports, accounts and Mortgage Pool data) to the Swap Counterparty in the relevant timeframe provided for in the Swap Agreement.

Upon an early termination of the Interest Rate Swap, depending on the type of Early Termination Event (as defined in the Swap Agreement) and circumstances prevailing at the time of termination, the Issuer or the Swap Counterparty may be liable to make a termination payment to the other. This termination payment will be calculated and made in Sterling. The amount of any termination payment will be based on the market value of the terminated swap as determined on the basis of quotations sought from leading dealers as to the

costs of entering into a transaction with the same terms and conditions that would have the effect of preserving the economic equivalent of the respective full payment obligations of the parties (or based upon a good faith determination of total losses and costs (or gains) if an insufficient number of quotations can be obtained or if basing the valuation on quotations would not produce a commercially reasonable result) and will include any unpaid amounts that became due and payable prior to the date of termination, taking account of any Swap Collateral transferred by the Swap Counterparty to the Issuer.

Depending on the terms of the Interest Rate Swap and the circumstances prevailing at the time of termination, any such termination payment could be substantial and may affect the funds available to pay amounts due to the Noteholders and Certificateholders.

The Swap Counterparty may, subject to certain conditions specified in the t Swap Agreement including (without limitation) the satisfaction of certain requirements of the Rating Agencies, transfer its obligations under the Swap Agreement to another entity with the Swap Counterparty Required Ratings.

The Issuer is not obliged, under the Swap Agreement, to gross up payments made by it if a withholding or deduction for or on account of taxes is imposed on payments made under the Interest Rate Swap.

The Swap Counterparty will generally be obliged to gross up payments made by it to the Issuer if a withholding or deduction for, or on account of, tax is imposed on payments made by it under the Interest Rate Swap (other than in respect of any FATCA withholdings). However, if the Swap Counterparty is required to gross up a payment under the Interest Rate Swap due to a change in the law, Swap Counterparty may terminate the Interest Rate Swap.

The Swap Agreement, and any non-contractual obligations arising out of or in connection with it, will be governed by English law.



## SERVICING OF THE MORTGAGE POOL AND CASH MANAGEMENT

### Servicing Agreement

The Servicer is required to administer the Mortgage Pool on behalf of the Issuer under the Servicing Agreement. The duties of the Servicer include, *inter alia*:

- (a) maintaining the Loan account in respect of each Borrower, making appropriate debit and credit entries in accordance with the terms of the applicable Mortgage Conditions, and sending each Borrower an account statement as required by applicable law;
- (b) collecting the scheduled monthly payments due on the Loans and presenting to the relevant bank the appropriate direct debit instructions approximately five days before the relevant payment date;
- (c) notifying Borrowers of changes in their scheduled monthly payments;
- (d) dealing with the redemption of a Loan, including arranging for the release of the Property Deeds relating to the relevant Property together with the deed of release (or, as applicable, a discharge) of the Mortgage to the relevant Borrower upon receipt of amounts required to repay the Loan and any other matters or actions required pursuant to the Servicing Agreement in relation to the redemption of a Loan;
- (e) dealing with enquiries and requests from Borrowers. These may include (but are not limited to) providing a credit reference from the Originator, consenting to a transfer from joint Borrowers to a single Borrower (for example, upon a divorce), approving a tenancy agreement where a Borrower wishes temporarily to let the Property and providing details of the current outstanding balance;
- (f) arranging all lender insurance that a Prudent Mortgage Lender would consider prudent in the circumstances to obtain;
- (g) carrying out enforcement procedures in accordance with the provisions of the Servicing Agreement;
- (h) with respect to the warranties given by BML as set out in Part 1 of Schedule 1 to the Mortgage Sale Agreement, the Servicer shall comply with its obligations pursuant to clause 7.2.2 of the Mortgage Sale Agreement;
- (i) following the occurrence of a Perfection Event, implementing, at the Issuer's expense, instructions issued by the Trustee in order to perfect or vest legal title in the Loans to the Issuer; and
- (j) fulfilling the reporting obligations on behalf of the Issuer in accordance with the Servicing Agreement,

each (i) in a manner consistent with that of a Prudent Mortgage Servicer (or in the case of item (f) above, a Prudent Mortgage Lender) and (ii) as more particularly described in the Service Specification.

The Servicer is permitted to sub contract or delegate its obligations under the Servicing Agreement subject to satisfying various conditions including, in certain circumstances the prior written consent of the Issuer, the Legal Title Holder and Trustee (as applicable) in respect of a material delegation.

### Servicing Fee

The Servicer is entitled to a servicing fee (the "**Servicing Fee**") payable quarterly in arrears on each Interest Payment Date, subject to the applicable Priority of Payments, comprising (a) a base fee in an amount equal to (i) in respect of the first Determination Period, an amount (inclusive of VAT, if any) equal to 0.20 per cent. multiplied by the Principal Amount Outstanding of the aggregate of the Senior Notes as at the Issue Date multiplied by the number of days in the first Determination Period divided by 365; or (ii) in respect of each Determination Period following the first Determination Period, and an amount (inclusive of VAT, if any) equal to 0.20 per cent. multiplied by the Principal Balance of the Loans in the Mortgage Pool as at the first day of the applicable Determination Period multiplied by the number of days in the Determination Period divided by 365 (the "**Base Fee**"); and (b) an arrears fee (in addition to the Base Fee, and inclusive of VAT, if any) equal to 0.25 per cent. multiplied by the aggregate Principal Balance of the Loans in the

Mortgage Pool which are 60 days or more in arrears as at the first day of the applicable Determination Period multiplied by the number of days in such Determination Period divided by 365 (the "**Arrears Fee**").

Payment of the Servicing Fee on each Interest Payment Date is subject to a cap of 0.20 per cent. per annum (the "**Servicing Fee Cap**") of the aggregate outstanding Principal Balance of the Loans as the last day of the Determination Period (inclusive of VAT) pursuant to item (ii)(A) of the Pre-Enforcement Revenue Priority of Payments and item (ii)(A) of the Post-Enforcement Priority of Payments; with any amounts in excess of this being paid as an excess servicing fee (the "**Excess Servicing Fee**") pursuant to item (xxvii) of the Pre-Enforcement Revenue Priority of Payments on each Interest Payment Date and item (xv) of the Post-Enforcement Priority of Payments. To the extent the Excess Servicing Fee is not paid on an Interest Payment Date, it will be payable on the next Interest Payment Date. For the avoidance of doubt, no interest shall accrue on the Excess Servicing Fee during an Interest Period.

The appointment of Bluestone Mortgages Limited as Servicer may be terminated by the Issuer (with the consent of the Trustee) or (following service of an Enforcement Notice) the Trustee by written notice to the Servicer on the occurrence of certain events of default, including (amongst others) non-performance of its obligations under the Servicing Agreement, or if insolvency or similar events occur in relation to the Servicer, or if an Enforcement Notice is given and the Trustee is of the opinion that the continuation of the appointment of the Servicer is materially prejudicial to the interests of the holders of the Most Senior Class (each a "**Servicer Termination Event**"). The Servicer shall continue to provide the duties under the Servicing Agreement until a replacement Servicer is appointed in accordance with the terms of the Servicing Agreement.

Upon the occurrence of a Servicer Termination Event, the Issuer (prior to the service of an Enforcement Notice and with the consent of the Trustee) or (after the service of an Enforcement Notice) the Trustee shall give notice in writing to the Servicer Facilitator of such termination and request it to identify and select a Replacement Servicer. Upon being so notified, the Servicer Facilitator shall use reasonable endeavours to identify and select a Replacement Servicer as appropriate within 30 calendar days of being so notified and provide details of its selection (the "**Proposed Replacement Servicer**") to the Issuer, the Legal Title Holder and the Trustee. Promptly upon being notified of the identity of the Proposed Replacement Servicer, the Issuer shall appoint the Proposed Replacement Servicer as Servicer on substantially the same terms as set out in the Servicing Agreement, provided however that any such appointment shall be subject to the prior written consent of the Trustee and the Legal Title Holder and the provision of a Rating Agency Confirmation.

The appointment of the Servicer may also be terminated upon the expiry of not less than six months' notice of termination given in writing by the Servicer to, amongst others, the Issuer, the Trustee and the Servicer Facilitator, **provided that** the Trustee and Issuer consent in writing to such termination, a substitute servicer shall be appointed no later than the date of termination of the Servicer, the substitute servicer has experience of the mortgage settlement and administration of residential property in England, Wales and Scotland, the substitute servicer is appointed on substantially the same terms as the relevant terms of the Servicing Agreement and, unless otherwise agreed by an Extraordinary Resolution of the Most Senior Class, each of the Rating Agencies provide written Rating Agency Confirmation.

#### *Legal Title Holder*

The Legal Title Holder is required to perform certain duties pursuant to the Servicing Agreement including, *inter alia*:

- (a) providing to the Servicer instructions from time to time in relation to the servicing of the Loans and their Collateral Security comprised in the Mortgage Pool;
- (b) varying any Service Specification relating to the settlement and administration of the Loans, the Mortgages and the other relevant assigned rights by the Servicer, on behalf of the Issuer and in doing so the Legal Title Holder must act in a manner consistent with that of a Prudent Mortgage Lender;
- (c) varying the basis on which consents or approvals are given to Borrowers from time to time in accordance with the relevant Mortgage Conditions;

- (d) varying the Enforcement Procedures applicable to Loans that are in arrears from time to time in accordance with the practice of a Prudent Mortgage Lender and instructing the Servicer to undertake certain discretionary elements of the Enforcement Procedures as the Legal Title Holder deems is appropriate;
- (e) directing the Servicer to release one or more of joint Borrowers from any liability under a Loan and all Collateral Security **provided that** the Legal Title Holder acts in accordance with the practice of a Prudent Mortgage Lender and the Legal Title Holder may direct the Servicer on the date of such release of any such joint Borrowers to permit a substitute Borrower or Borrowers to take the place and assume the obligations of the released Borrower or Borrowers (again provided such actions are in accordance with the practice of a Prudent Mortgage Lender); and
- (f) assisting the Servicer in determining whether any changes of interest rates applicable to Loans should be made in accordance with the Servicing Agreement.

The Legal Title Holder is entitled to the Legal Title Holder fee (the "**Legal Title Holder Fee**") payable quarterly in arrears on each Interest Payment Date, (i) in respect of the first Determination Period, an amount (inclusive of VAT, if any) equal to 0.02 per cent. multiplied by the Principal Amount Outstanding of the aggregate of the Senior Notes as at the Issue Date multiplied by the number of days in the Determination Period divided by 365; (ii) in respect of each Determination Period following the first Determination Period, an amount (inclusive of VAT, if any) equal to 0.02 per cent. multiplied by the aggregate Principal Balance of the Loans in the Mortgage Pool as at the first day of the applicable Determination Period multiplied by the number of days in such Determination Period divided by 365; and (iii) costs and expenses incurred by the Legal Title Holder in accordance with the Servicing Agreement.

On the occurrence of certain events, including default by the Legal Title Holder in the performance or observance of any of its covenants and obligations under the Servicing Agreement and/or the Mortgage Sale Agreement which the Trustee considers to be materially prejudicial to the interests of the holders of the Most Senior Class and certain insolvency events in relation to the Legal Title Holder, the Issuer (prior to the service of an Enforcement Notice and with the consent of the Trustee) or the Trustee (after the service of an Enforcement Notice) may give the Legal Title Holder and the Servicer (with a copy to the Issuer or the Trustee (as the case may be)) notice that the Legal Title Holder's appointment will be terminated on and from the date that a Replacement Legal Title Holder is appointed pursuant to Clause 24.2 of the Servicing Agreement.

The Servicer shall use reasonable endeavours to identify and select a Replacement Legal Title Holder as appropriate within 30 calendar days of being notified of the Legal Title Holder's termination and provide details of its selection (the "**Proposed Legal Title Holder Replacement**") to the Issuer and the Trustee. Promptly upon being notified of the identity of the Proposed Legal Title Holder Replacement, the Issuer shall appoint the Proposed Legal Title Holder Replacement as the Legal Title Holder on substantially the same terms as set out in the Servicing Agreement, provided however that any such appointment shall be subject to the prior written consent of the Trustee and the provision of a Rating Agency Confirmation and the proposed Replacement Legal Title Holder granting an irrevocable power of attorney to the Issuer.

The appointment of the Legal Title Holder may also be terminated upon the expiry of not less than six months' notice of termination given in writing by the Legal Title Holder to, amongst others, the Issuer, the Servicer and the Trustee, provided that: (a) the Replacement Legal Title Holder shall be appointed, such appointment to be effective not later than the date of such termination; (b) such Replacement Legal Title Holder has the relevant regulatory permissions and authorisations to hold legal title to residential mortgage contracts in England, Wales and Scotland and has the prior written approval of the Trustee and the Issuer; (c) such Replacement Legal Title Holder enters into an agreement substantially in the same terms as the relevant provisions of the Servicing Agreement; and (d) a Rating Agency Confirmation has been received from each of the Rating Agencies willing to provide written confirmation unless otherwise agreed by an Extraordinary Resolution of the Most Senior Class.

#### ***Determination of Interest Rates on the Loans***

The interest due on the Fixed Rate Mortgages (following the expiry of the relevant fixed period) is subject to the Legal Title Holder's reversionary rate which is based on the BVR (as determined in accordance with the relevant Mortgage Conditions). The BVR is a variable rate set by the Legal Title Holder. As at the date hereof the BVR 1.5%. As at 9 am on 20 August 2019, this equates to 0.78980% over SONIA. The BVR

is set in accordance with the Mortgage Conditions applicable to the relevant Loan. The interest rate committee of BML has approved an increase in the BVR to 2%. This is expected to be implemented during August 2019 and the Servicer has undertaken to take all reasonable action to implement such change in accordance with terms of the relevant Mortgage Loans. Under the terms of the Servicing Agreement the Issuer and the Legal Title Holder delegate to the Servicer responsibility for determining the BVR. Taking into account the relevant factors in accordance with the applicable Mortgage Conditions, the Servicer and Legal Title Holder confirm that the BVR will be reviewed at least quarterly and will not be set at a level lower than Compounded Daily SONIA over the previous calendar month plus 1% subject to compliance at all times with Applicable Law and the applicable Mortgage Conditions.

#### ***Operation of Collection Account***

The Servicer will undertake to operate the Collection Account which is opened in the name of the Legal Title Holder with the Collection Account Provider, in accordance with the terms of the Collection Account Declaration of Trust and the Collection Account Agreement.

#### ***Enforcement Procedures***

The Servicer will, in relation to any default by a Borrower under or in connection with a Loan, comply with the Enforcement Procedures or, to the extent that the Enforcement Procedures are not applicable having regard to the nature of the default in question, take such action as is not materially prejudicial to the interests of the Issuer and acting always as a Prudent Mortgage Lender in respect of such default, provided that it is acknowledged by the Issuer that mortgage lenders generally exercise discretion in pursuing their respective enforcement procedures and that the Servicer may exercise such discretion as would a Prudent Mortgage Lender in applying the Enforcement Procedures to any particular defaulting Borrower or in taking action as aforesaid provided that in exercising such discretion the interests of the Issuer in the Mortgage Pool are not materially prejudiced provided further that the Servicer shall not be required to take any action which would materially breach any applicable law and/or any industry guidelines applicable to the Servicer.

"**Enforcement Procedures**" means the exercise of the rights and remedies against a Borrower or in relation to the security for the Borrower's obligations arising from any default by the Borrower under or in connection with such Borrower's Loan or Collateral Security in accordance with the procedures established by the Legal Title Holder and adopted by the Servicer, as varied from time to time in accordance with procedures that could reasonably be expected of a Prudent Mortgage Lender.

#### **Cash Administration Agreement**

Pursuant to the Cash Administration Agreement, the Cash Administrator will agree to provide certain cash management and other services to the Issuer. The Cash Administrator's principal function will be effecting payments to and from the Bank Accounts and the Swap Collateral Account. In addition, the Cash Administrator will, among other things:

- (a) on each Interest Payment Date prior to the service of an Enforcement Notice, apply, or cause to be applied, Available Revenue Funds in accordance with the Pre-Enforcement Revenue Priority of Payments and Available Principal Funds in accordance with the Pre-Enforcement Principal Priority of Payments;
- (b) maintain and replenish the General Reserve Fund on behalf of the Issuer in accordance with the relevant Pre-Enforcement Priority of Payments;
- (c) maintain and replenish the Liquidity Reserve Fund on behalf of the Issuer in accordance with the relevant Pre-Enforcement Priority of Payments;
- (d) on each Determination Date determine if there would be a Shortfall, Revenue Shortfall and Further Revenue Shortfall following the application of Available Revenue Funds and Available Principal Funds for the relevant Interest Payment Date;
- (e) record credits to, and debits from, the Ledgers, as and when required;
- (f) credit all swap collateral to the Swap Collateral Account.

In addition, the Cash Administrator will also:

- (a) maintain the following ledgers (the "**Ledgers**") on behalf of the Issuer in respect of the Transaction Account:
  - (i) the "**Principal Ledger**", which will record as a credit all Principal Collections received by the Issuer and as a debit the distribution of the Available Principal Funds in accordance with the Pre-Enforcement Principal Priority of Payments or the Post-Enforcement Priority of Payments (as applicable);
  - (ii) the "**Revenue Ledger**", which shall record as a credit all Revenue Collections and any SC to I Upfront Rebalancing Payment received from the Swap Counterparty and as a debit the distribution of the Available Revenue Funds and the distribution of any other relevant amounts recorded on the Revenue Ledger in accordance with the Pre-Enforcement Revenue Priority of Payments or the Post-Enforcement Priority of Payments (as applicable) and the distribution of any SC to I Upfront Rebalancing Payment to the Certificateholders on the first Interest Payment Date;
  - (iii) the "**Principal Deficiency Ledger**", which will record on the appropriate sub-ledger:
    - (A) as a debit (i) any Realised Losses affecting the Loans in the Mortgage Pool, recorded on the date that the Cash Administrator is informed of such Losses by the Servicer; and (ii) any application of any Principal Addition Amounts to meet a Further Revenue Shortfall on the date that the Cash Administrator determines such funds are to be applied in accordance with the Pre-Enforcement Revenue Priority of Payments, in sequential order to the G Principal Deficiency Ledger, the F Principal Deficiency Ledger, the E Principal Deficiency Ledger; D Principal Deficiency Ledger, the C Principal Deficiency Ledger, the B Principal Deficiency Ledger and the A Principal Deficiency Ledger, in each case until the balance of the relevant Principal Deficiency Ledger is equal to the aggregate Principal Amount Outstanding of the G Notes, the F Notes, the E Notes, the D Notes, the C Notes, the B Notes and the A Notes respectively; and
    - (B) as a credit Available Revenue Funds applied as Available Principal Funds pursuant to the Pre-Enforcement Revenue Priority of Payments (if any) on each Interest Payment Date,
  - (iv) the "**Issuer Profit Ledger**", which shall record as a credit any amounts retained by the Issuer as profit in accordance with the Pre-Enforcement Revenue Priority of Payments and the Post-Enforcement Priority of Payments and as a debit any amount used to discharge any tax liability of the Issuer or to pay any dividends or make any other distribution to its shareholders;
  - (v) the "**Start-Up Costs Ledger**", which shall record as a credit amounts retained by the Issuer on the Issue Date and as a debit (i) any amount used for the payment by the Issuer of Issuer Costs and Expenses and (ii) any amounts paid to the Certificateholders on the first Interest Payment Date;
  - (vi) the "**General Reserve Fund Ledger**" which shall record as a credit all amounts credited to the General Reserve Fund on the Issue Date and thereafter in accordance with the Pre-Enforcement Revenue Priority of Payments up to the General Reserve Fund Required Amount and as a debit any amounts used to fund a Shortfalls on each Interest Payment Date; and
  - (vii) the "**Liquidity Reserve Fund Ledger**" which shall record as a credit all amounts credited to the Liquidity Reserve Fund in accordance with the Pre-Enforcement Revenue Priority of Payments up to the Liquidity Reserve Fund Required Amount and as a debit any amounts used to fund a Revenue Shortfall on each Interest Payment Date;
  - (viii) the "**Liquidity Reserve Deficiency Ledger**" which shall record as a credit any amounts paid pursuant to item (vii)(B) of the Pre-Enforcement Revenue Priority of Payments and as a debit any amounts used to pay or provide for a Revenue Shortfall; and

- (ix) the "**Pre-Funding Ledgers**" which shall record as a credit all amounts credit to the Pre-Funding Ledgers on the Issue Date and as a debit any amounts applied (i) in purchasing Additional Loans, and (ii) on the first Interest Payment Date, (x) in redemption of the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes and the G Notes (in respect of any outstanding balance in the Pre-Funding Principal Reserve Ledger) and (y) as Available Revenue Funds (in respect of any outstanding balance on the Pre-Funding Revenue Reserve Ledger); and
- (b) calculate on each Determination Date (prior to service of an Enforcement Notice) the amount of Available Revenue Funds and Available Principal Funds to be applied on the immediately following Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments or the Pre-Enforcement Principal Priority of Payments (as applicable).

The Cash Administrator, on behalf of and in the name of and on the instructions of the Issuer, may (but shall not be obliged to) invest monies standing from time to time to the credit of the Bank Accounts in Authorised Investments, subject to the following provisions:

- (a) any investment in any Authorised Investments shall be made in the name of the Issuer subject to appropriate custody arrangements being put in place;
- (b) any costs properly incurred in making, changing or otherwise disposing of any investment in any Authorised Investments will be reimbursed to the Cash Administrator by the Issuer;
- (c) all income and other distributions arising on, or proceeds following the disposal or maturity of, Authorised Investments shall be credited to the Transaction Account prior to the immediately succeeding Determination Date; and
- (d) such Authorised Investments shall mature at least two Business Day prior to the immediately succeeding Determination Date.

As of the Issue Date, no custody arrangements have been put in place, the Issuer may however arrange for the custody arrangements to be put in place.

The Cash Administrator shall not be responsible (save where any loss results from the Cash Administrator's own fraud, wilful default or gross negligence) for any loss occasioned by reason of any such investment in any Authorised Investments or any purported investment in any Authorised Investments whether by depreciation in value or otherwise, **provided that** any such investment in any Authorised Investments was made in accordance with the terms of the Cash Administration Agreement.

#### ***Cash Administrator and Directions from the Trustee***

The Cash Administrator will act upon the direction of the Trustee (given in accordance with the terms and provisions of the Deed of Charge) upon the Trustee notifying the Cash Administrator that an Enforcement Notice has been served on the Issuer.

#### ***Remuneration of Cash Administrator***

The Cash Administrator will be paid a cash management fee for its cash management services under the Cash Administration Agreement. As at the Issue Date, such fees are calculated as an amount equal to: (i) in respect of the first Determination Period, an amount (inclusive of VAT, if any) equal to 0.03 per cent. multiplied by the Principal Amount Outstanding of the aggregate of the Senior Notes as at the Issue Date multiplied by the number of days in the first Determination Period divided by 365; or (ii) in respect of each Determination Period following the first Determination Period, and an amount (inclusive of VAT, if any) equal to 0.03 per cent. multiplied by the Principal Balance of the Loans in the Mortgage Pool as at the first day of the applicable Determination Period multiplied by the number of days in the Determination Period divided by 365.

Such fees will be determined under a separate fee letter between the Issuer and the Cash Administrator. All fees payable to the Cash Administrator are exclusive of any VAT, if any, chargeable on any supply for which the cash management fee is the consideration (in whole or in part) for VAT purposes. The cash management fee is payable in the manner contemplated by and in accordance with the provisions of the

Pre-Enforcement Revenue Priority of Payments or, as the case may be, the Post-Enforcement Priority of Payments.

### ***Termination of Appointment and Replacement of Cash Administrator***

If any of the following events ("**Cash Administrator Termination Events**") shall occur:

- (a) default is made by the Cash Administrator in the giving of a payment instruction, on the due date, in respect of any payment due and payable by it under the Cash Administration Agreement (provided that in each case there are funds available for such payment standing to the credit of the relevant Bank Accounts) and such default continues unremedied for a period of five Business Days after receipt by the Cash Administrator of written notice from the Issuer or (following the service of an Enforcement Notice) the Trustee, as the case may be, requiring the same to be remedied; or
- (b) default is made by the Cash Administrator in the performance or observance of any of its other material covenants and obligations under the Cash Administration Agreement, and such default continues unremedied for a period of 30 Business Days after receipt by the Cash Administrator of written notice from the Issuer or (following the service of an Enforcement Notice) the Trustee, as the case may be, requiring the same to be remedied;
- (c) it is or will become unlawful for the Cash Administrator to perform or comply with any of its obligations under the Cash Administration Agreement or under any other Transaction Document; or
- (d) the occurrence of an Insolvency Event in respect of the Cash Administrator,

then prior to the service of an Enforcement Notice, the Issuer (with the prior written consent of the Trustee), or following the service of an Enforcement Notice, the Trustee, may, at once or at any time thereafter while such default continues, by notice in writing to the Cash Administrator (with a copy to the Issuer or the Trustee as the case may require), terminate its appointment as Cash Administrator under the Cash Administration Agreement with effect from a date (not earlier than the date of the notice) specified in such notice, **provided that**, the Cash Administrator's appointment shall not be terminated until a replacement cash administrator has been appointed. Upon and following the termination of the appointment of the Cash Administrator as cash administrator under the Cash Administration Agreement, the Issuer shall appoint a replacement cash administrator that satisfies the conditions set out below.

Any replacement cash administrator must be approved by the Issuer and the Trustee and must agree to enter into an agreement with the Issuer on terms commercially acceptable in the market, pursuant to which the substitute cash administrator agrees to assume and perform all material duties and obligations of the Cash Administrator under the Cash Administration Agreement.

### ***Resignation of the Cash Administrator***

The Cash Administrator may resign on giving not less than 60 days' written notice (or such shorter time as may be agreed between the Cash Administrator, the Issuer, the Seller and the Trustee) of its resignation to the Issuer and the Trustee without providing any reason therefor and without being responsible for any Liability incurred by reason thereof unless such Liability arises as a result of its own gross negligence, wilful default or fraud or that of its officers, directors or employees, **provided that**:

- (a) a replacement cash administrator shall be appointed by the Issuer, such appointment to be effective not later than the date of such termination;
- (b) such replacement cash administrator has the requisite cash management experience to perform the functions to be given to it under the Cash Administration Agreement and is approved by the Issuer and the Trustee; and
- (c) such replacement cash administrator enters into a cash administration agreement with the Issuer on terms commercially acceptable in the market, pursuant to which the replacement cash administrator agrees to assume and perform all material duties and obligations of the Cash Administrator under the Cash Administration Agreement.

To the extent the Issuer does not appoint a replacement Cash Administrator in accordance with the terms of the Cash Administration Agreement prior to the termination date specified in the notice delivered by the Cash Administrator in accordance with the Cash Administration Agreement (or such other date as agreed between the Issuer and the Cash Administrator from time to time), the Cash Administrator may appoint a replacement Cash Administrator, **provided that** such appointment satisfies the provisions of the Cash Administration Agreement.

"**Liability**" means, in respect of any person, any loss, damage, fee, cost, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges) and including any value added tax or similar tax charged or chargeable in respect thereof.

### ***Compliance with Securitisation Regulation***

#### *Transparency requirements – Investor Reporting*

The Issuer and the Risk Retention Holder, as the originator within the meaning of the Securitisation Regulation, have agreed that the Issuer is the designated entity for the purposes of the Article 7(2) of the Securitisation Regulation. The Issuer has delegated certain of its obligations under the Article 7 of the Securitisation Regulation to the Servicer under the Servicing Agreement. The Cash Administrator on behalf of the Issuer will publish the SR Investor Report and the Servicer on behalf of the Issuer will publish the SR Data Tape as required by and in accordance with Article 7(1)(e) and Article 7(1)(a) of the Securitisation Regulation respectively.

Such SR Investor Reports and SR Data Tapes in each case will be published (i) initially in the form set out in the regulatory technical standards published in accordance with the CRA Regulation and (ii) following the date specified for compliance in the finalised regulatory technical standards read together with the applicable implementing technical standards, as published in accordance with Article 7(3) and 7(4) of the Securitisation Regulation, respectively, in the form prescribed by the technical standard published under the Securitisation Regulations.

The Issuer and the Servicer (if required) may agree in writing the form, content, method of distribution and frequency of the reporting contemplated under the Servicing Agreement.

For so long as no securitisation repository has been registered under Article 10 of the Securitisation Regulation (a "**Repository**") the SR Investor Reports and SR Data Tapes referred to above will be published or made otherwise available by the Servicer as required under Article 7(2) of the Securitisation Regulation (i) via the website (the "**SR Website**") at <https://editor.eurowdw.eu/ecb/info?edcode=RMBSUK000926100120191&pcd> (or such other website as may be notified by the Servicer to the Issuer, the Cash Administrator, the Trustee, each Rating Agency, the Noteholders and Certificateholders from time to time) being a website that conforms to the requirement set out in Article 7(2) of the Securitisation Regulation and (ii) as soon as reasonably practicable once a Repository has been registered, via a Repository.

The information referred to above will through the SR Website, as applicable, be available to the Noteholders and Certificateholders, relevant competent authorities and, upon request, to potential investors in the Notes or the Certificates.



## WEIGHTED AVERAGE LIVES OF THE NOTES

Weighted average life refers to the average amount of time that will elapse from the date of issuance of a 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 Notes will be influenced by, among other things, the actual rate of redemption of the Loans.

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

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

- (a) there are no arrears or enforcements;
- (b) no Loan is sold by the Issuer;
- (c) no Principal Deficiency arises;
- (d) other than in respect of the X Notes and the Z Notes, no revenue receipts are made available to pay principal;
- (e) no Loan is required to be repurchased by the relevant Seller, the Legal Title Holder or any of its affiliates due to any breach of Warranty;
- (f) the portfolio mix of loan characteristics remain the same throughout the life of the Notes and 100 per cent. of the Provisional Completion Mortgage Pool is purchased at the Issue Date;
- (g) the interest payment as well as the principal payment for each Loan is calculated on a loan-by-loan basis assuming each Loan amortises monthly (meaning the amortisation of each Loan is determined by the loan specific (i) remaining term, (ii) principal outstanding and (iii) interest rate);
- (h) the amortisation of any Repayment Loan is calculated as an annuity loan on a 30/360 basis, and the interest on any Loan is calculated on a 30/360 basis;
- (i) all Loans which are not Repayment Loans are assumed to be Interest Only Loans;
- (j) the issue date of the Notes has been assumed to be 16 August 2019 and the first interest payment date of the Notes has been assumed to be 16 December 2019;
- (k) a BVR rate of 2.00 per cent. for all Loans;
- (l) there is collateral of £196,634,407.21 and on the Issue Date the A Notes, the B Notes, the C Notes, the D Notes, the E Notes and the F Notes have an aggregate Principal Amount Outstanding of £196,634,407.21, with the A Notes representing 83.5 per cent., the B Notes representing 4.5 per cent., the C Notes representing 2.5 per cent., the D Notes representing 2.5 per cent., the E Notes representing 2.5 per cent., the F Notes representing 2.0 per cent. and the G Notes representing 2.5 per cent. of the Provisional Completion Mortgage Pool;
- (m) the weighted average lives are calculated on a 30/360 basis;
- (n) no Product Switches are made on a Loan;
- (o) no Further Advances are made on a Loan;
- (p) the Completion Mortgage Pool as at the Issue Date is the same as the Provisional Completion Mortgage Pool as at the Cut-Off Date. The Issue Date is assumed to be 28 August 2019 and that any Principal Collections from that date forward shall be for the account of the Issuer;

- (q) payments on the Notes are made on the day of March, June, September and December. Business days convention are used;
- (r) the balance of the Pre-Funding Principal Reserve Ledger, if any, is zero on the first Interest Payment Date;
- (s) the balance of the Pre-Funding Revenue Reserve Ledger, if any, is zero on the first Interest Payment Date;
- (t) the first Interest Period for the Notes will include Principal Collections from the Mortgage Pool since the Issue Date;
- (u) the SONIA rate used in the calculation of interest for all classes of Notes equals 0.71 per cent. throughout the life of the transaction;
- (v) the interest rate earned from all cash balances is equal to 0 per cent; and
- (w) the senior fees and expenses of the Issuer are £80,500 per annum (inclusive of VAT).

The actual characteristics and performance of the Loans are likely to differ from the assumptions used in constructing the tables set forth below, which are hypothetical in nature and are provided only to give a general sense of how the principal cash flows might behave under varying prepayment scenarios. For example, it is not expected that the Loans will prepay at a constant rate until maturity, that all of the Loans will prepay at the same rate or that there will be no defaults or delinquencies on the Loans. Moreover, the diverse remaining terms to maturity of the 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 of the Loans is assumed.

Any difference between such assumptions and the actual characteristics and performance of the Loans will cause the weighted average lives of the Notes to differ (which difference could be material) from the corresponding information in the tables for each indicated percentage of CPR.

#### Weighted Average Life in Years

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 Notes by the number of years from the date of issue of the Notes to the related Interest Payment Date, (ii) adding the results and (iii) dividing the sum by the aggregate of the net reductions of the Principal Amount Outstanding described in (j) above.

Subject to the foregoing discussion and assumptions, the following tables indicate the weighted average lives of the Notes. The weighted average lives of the Rated Notes have been calculated on a 30/360 basis.

#### Weighted Average Life in Years (assuming a Mortgage Pool Option is exercised on Mortgage Pool Option Date)

Weighted Average Life	0.0% CPR	2.5% CPR	5.0% CPR	7.5% CPR	10.0% CPR	12.5% CPR	15.0% CPR	20.0% CPR	Pricing*
A Notes .....	2.96	2.82	2.69	2.56	2.43	2.31	2.19	1.97	2.21
B Notes.....	3.05	3.05	3.05	3.05	3.05	3.05	3.05	3.05	3.05
C Notes.....	3.05	3.05	3.05	3.05	3.05	3.05	3.05	3.05	3.05
D Notes .....	3.05	3.05	3.05	3.05	3.05	3.05	3.05	3.05	3.05
E Notes .....	3.05	3.05	3.05	3.05	3.05	3.05	3.05	3.05	3.05
F Notes .....	3.05	3.05	3.05	3.05	3.05	3.05	3.05	3.05	3.05
G Notes .....	3.05	3.05	3.05	3.05	3.05	3.05	3.05	3.05	3.05
X Notes .....	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.71	0.69
Z Notes .....	1.77	1.78	1.80	1.82	1.85	1.88	1.91	1.99	1.80

#### Weighted Average Life in Years (with optional 20 per cent. call)

Weighted Average Life	0.0% CPR	2.5% CPR	5.0% CPR	7.5% CPR	10.0% CPR	12.5% CPR	15.0% CPR	20.0% CPR	Pricing*
A Notes .....	11.15	8.51	6.71	5.45	4.53	3.84	3.30	2.55	2.67
B Notes.....	19.55	16.80	14.30	12.30	10.55	9.30	8.05	6.55	5.55
C Notes.....	19.55	16.80	14.30	12.30	10.55	9.30	8.05	6.55	5.55
D Notes .....	19.55	16.80	14.30	12.30	10.55	9.30	8.05	6.55	5.55

<b>Weighted Average Life</b>	<b>0.0% CPR</b>	<b>2.5% CPR</b>	<b>5.0% CPR</b>	<b>7.5% CPR</b>	<b>10.0% CPR</b>	<b>12.5% CPR</b>	<b>15.0% CPR</b>	<b>20.0% CPR</b>	<b>Pricing*</b>
E Notes .....	19.55	16.80	14.30	12.30	10.55	9.30	8.05	6.55	5.55
F Notes .....	19.55	16.80	14.30	12.30	10.55	9.30	8.05	6.55	5.55
G Notes .....	19.55	16.80	14.30	12.30	10.55	9.30	8.05	6.55	5.55
X Notes .....	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.71	0.69
Z Notes .....	1.77	1.78	1.80	1.82	1.85	1.88	1.91	1.99	1.80

\* 0 per cent. CPR for 2 months, followed by 5 per cent. CPR for one month, followed by 10 per cent. CPR for 12 months, followed by 25 per cent. CPR for 36 months, followed by 30 per cent. CPR for 12 months, followed by 35 per cent. CPR for 12 months, followed by 20 per cent. thereafter.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

The Global Notes contain provisions which apply to the Notes while they are in global form, some of which modify the effect of the terms and conditions of the Notes set out in this Prospectus. The following is a summary of certain of those provisions:

### 1. **Form**

All Notes will be issued in fully registered form and will be represented, on issue, by the Global Notes.

**The Notes are not issuable in bearer form.**

### 2. **Nominal Amount**

The nominal amount of the Global Notes shall be the aggregate amount from time to time entered in the records of Euroclear, Clearstream, Luxembourg or any alternative clearing system approved by the Trustee (each a relevant "**Clearing System**").

The Notes will be issued in the form of new global notes and are intended upon issue to be deposited with a common safekeeper on behalf of one of the ICSDs.

The Global Notes will be issued and held under the new safekeeping structure and are intended upon issue to be deposited with, and registered in the nominee name of, a common safekeeper on behalf of one of the ICSDs.

The Notes are intended to be held in a manner which will allow Eurosystem eligibility. This simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

The records of such relevant Clearing System shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such relevant Clearing System at any time shall be conclusive evidence of the records of that relevant Clearing System at that time. The Trustee will not 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.

### 3. **Issuance of Definitive Notes**

Holders of Book-Entry Interests in the Global Notes will be entitled to receive certificates evidencing definitive notes in registered form ("**Definitive Notes**") in exchange for their respective holdings of Book-Entry Interests if:

- (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 announce an intention permanently to cease business and do so cease to do business; or
- (b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom or of any political sub-division therein or thereof having power to tax or in the interpretation or administration of such legislation which becomes effective on or after the Issue Date, the Issuer or the Principal Paying Agent is or will be required to make any deduction or withholding for or on account of Tax from any payment in respect of the Notes which would not be required were the Notes in definitive form.

In order to receive a Definitive Note a person having an interest in a Global Note must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Definitive Notes.

Any Definitive Notes issued in exchange for Book-Entry Interests in a 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. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, Luxembourg 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 Global Note, as the case may be, will not be entitled to exchange such Definitive Note, for Book-Entry Interests in a Global Note. Any Notes issued in definitive form will be issued in registered form only and will be subject to the provisions set forth under Notes Condition 1(b) (*Title and transfer*) **provided that** no transfer shall be registered for a period of 15 days immediately preceding any due date for payment in respect of the Note or, as the case may be, the due date for redemption. Definitive Notes will not be issued in a denomination that is not an integral multiple of the Minimum Denomination or for any amount in excess thereof, in integral multiples of £1,000. As the Notes have a denomination consisting of the Minimum Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of £100,000 (or its equivalent) that are not integral multiples of £100,000 (or its equivalent). In such case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the Minimum Denomination may not receive a Definitive Note in respect of such holding (should Definitive Notes be issued) and would need to purchase a principal amount of Notes such that its holding amounts to the Minimum Denomination.

#### 4. **Payments**

Payments of principal and interest in respect of Notes represented by the Global Note will be made to its holder. The Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant Clearing System and, in the case of payments of principal, the nominal amount of the Notes will be reduced accordingly. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant Clearing System shall not affect such discharge. Each holder of Book-Entry Interests must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of any amounts paid by or on behalf of the Issuer to the Common Safekeeper or its nominees in respect of those Book-Entry Interests.

For the purpose of any payments made in respect of a Global Note, Notes Condition 6(d) (*Payments on business days*) shall not apply, and all such payments shall be made on a day which is a business day (as defined in Notes Condition 6(d) (*Payments on business days*)).

#### 5. **Book-Entry Interests**

Book-Entry Interests in respect of Global Notes will be recorded in denominations of £100,000 and, for so long as the rules of Euroclear or Clearstream, Luxembourg so permit integral multiples of £1,000 in excess thereof (a "**Minimum Denomination**"). Ownership of Book-Entry Interests is limited to persons that have accounts with Euroclear or Clearstream, Luxembourg or ("**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 or Clearstream, Luxembourg, 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 and Clearstream, Luxembourg 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 initially credited will be designated by the Co-Arrangers. 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 or Clearstream, Luxembourg (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).

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, 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 Clearstream, Luxembourg. On each record date, Euroclear and Clearstream, Luxembourg will determine the identity of the Noteholders for the purposes of making payments to the Noteholders. The record date, in respect of the Notes shall be one Clearing System Business Day prior to the relevant Interest Payment Date where "**Clearing System Business Day**" means a day on which each clearing system for which the Notes are being held is open for business. 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 and will be the responsibility of such Participants or Indirect Participants. None of the Issuer, any agent of the Issuer, the Co-Arrangers, the Joint Lead Managers 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 or for maintaining, supervising or reviewing any records relating to a Participant's ownership of Book-Entry Interests.

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 to own, transfer or pledge Book-Entry Interests.

So long as a nominee of the Common Safekeeper, as applicable, is the registered holder of the respective Global Notes underlying the Book-Entry Interests, the nominee of the Common Safekeeper will be considered the sole Noteholder of the relevant Global Note for all purposes under the Trust Deed and the Paying Agency Agreement. Except as set forth under "*Issuance of Definitive Notes*" above, Participants or Indirect Participants will not be entitled to have Notes registered in their names, will not receive or be entitled to receive physical delivery of 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 or Clearstream, Luxembourg, as the case may be, and Indirect Participants must rely on the procedures of the Participants 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 Notes under the Trust Deed. See "*Action in Respect of the Global Note and the Book-Entry Interests*" below.

Unlike legal owners or holders of the 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 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 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 Global Notes, holders of Book-Entry Interests will be restricted to acting through Euroclear or Clearstream, Luxembourg, as the case may be, unless and until Definitive Notes are issued in accordance with the Conditions. There can be no assurance that the procedures to be implemented by Euroclear or Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed.

Unless and until Book-Entry Interests in the Global Notes are exchanged for Definitive Notes, the Global Notes registered in the name of a nominee of the Common Safekeeper may not be transferred except as a whole by the Common Safekeeper to a successor of the Common Safekeeper.

Purchasers of Book-Entry Interests in a Global Note will hold Book-Entry Interests in the respective Global Notes relating thereto. Investors may hold their Book-Entry Interests in respect of a Global Note directly through Euroclear or Clearstream, Luxembourg, 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 respective Global Note, as the case may be, 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.

6. **Transfer**

Transfers of interests in the Notes are subject to certain restrictions and must be made in accordance with the procedures set forth in the Trust Deed. Each purchaser of Notes in making its purchase will be required to make, or will be deemed to have made, certain acknowledgements, representations and agreements. The transfer of Notes in breach of certain of such representations and agreements will result in affected Notes becoming subject to certain forced transfer provisions. See Notes Condition 1(b) (*Title and transfer*).

7. **Action in Respect of the Global Note 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 and Clearstream, Luxembourg 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 and Clearstream, Luxembourg 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 and Clearstream, Luxembourg, 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 or Clearstream, Luxembourg are expected to follow the procedures described under "*Book-Entry Interests*" above, with respect to soliciting instructions from their respective Participants. The Registrar 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.

8. **Trading between Clearing System participants**

Secondary market sales of Book-Entry Interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of Book-Entry Interests in the Notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional Eurobonds and sterling denominated bonds.

9. **Notices**

So long as the Notes are in global form and held on behalf of a relevant Clearing System, notices to Noteholders may be given by delivery of the relevant notice to that relevant Clearing System for communication by it to entitled accountholders in substitution for publication as required by the Conditions.

10. **Prescription**

Claims against the Issuer in respect of principal and interest on the Notes while the Notes are represented by the Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate relevant date (as defined in Notes Condition 7 (*Prescription*)).

11. **Meetings**

Subject to the provisions of the Trust Deed, the holder of the Global Note shall be treated as two Noteholders for the purposes of constituting a quorum for the purposes of meeting the quorum requirements of a meeting of Noteholders.

12. **Purchase and Cancellation**

On cancellation of any Note required by the Conditions to be cancelled following its purchase, the Issuer shall procure that details of such cancellation shall be entered *pro rata* in the records of the relevant Clearing Systems and, upon any such entry being made, the nominal amount of the Notes recorded in the records of the relevant Clearing Systems and represented by this Global Note shall be reduced by the aggregate nominal amount of the Notes so cancelled.

13. **Trustee's Powers**

In considering the interests of Noteholders while the Global Note is held on behalf of a relevant Clearing System, the Trustee may have regard to any information provided to it by such relevant Clearing System or its operator as to the identity (either individually or by category) of its accountholders with entitlements to the Global Note and may consider such interests as if such accountholders were the holder of the Global Note.



## SUMMARY OF PROVISIONS RELATING TO THE CERTIFICATES WHILE IN GLOBAL FORM

The Global Certificates contain provisions which apply to the Certificates while they are in global form, some of which modify the effect of the terms and conditions of the Certificates set out in this Prospectus. The following is a summary of certain of those provisions:

### 1. **Form**

All Certificates will be issued in fully registered form and will be represented, on issue, by the Global Certificates.

**The Certificates are not issuable in bearer form.**

### 2. **Amount**

Each Certificate bears a right to receive on a *pro rata* basis (i) a Residual Payment plus any amounts equal to any Excess Mortgage Early Redemption Amounts; (ii) on the first Interest Payment Date, any surplus amount standing to the credit of the Start-Up Costs Ledger as at the first Determination Date; and (iii) on the Issue Date an amount equal to the Excess X Note Proceeds.

The amount of the Global Certificates shall be the aggregate amount from time to time entered in the records of Euroclear, Clearstream, Luxembourg or any alternative clearing system approved by the Trustee (each a relevant "**Clearing System**").

The Certificates are intended upon issue to be deposited with, and registered in the nominee name of, a common depository.

The records of such relevant Clearing System shall be conclusive evidence of the amount of Certificates represented by the Global Certificates and a statement issued by such relevant Clearing System at any time shall be conclusive evidence of the records of that relevant Clearing System at that time. The Trustee will not 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.

### 3. **Issuance of Definitive Certificates**

Holders of Book-Entry Interests in the Global Certificates will be entitled to receive certificates evidencing definitive certificates in registered form ("**Definitive Certificates**") in exchange for their respective holdings of Book-Entry Interests if:

- (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 announce an intention permanently to cease business and do so cease to do business; or
- (b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom or of any political subdivision therein or thereof having power to tax or in the interpretation or administration of such legislation which becomes effective on or after the Issue Date, the Issuer or the Principal Paying Agent is or will be required to make any deduction or withholding for or on account of Tax from any payment in respect of the Certificates which would not be required were the Certificates in definitive form.

In order to receive a Definitive Certificate a person having an interest in a Global Certificate must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Definitive Certificates.

Any Definitive Certificates issued in exchange for Book-Entry Interests in a Global Certificate 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. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, Luxembourg from their Participants with respect to ownership of the relevant Book-Entry Interests. Holders of Definitive Certificates issued in exchange for Book-Entry Interests in a Global Certificate, as the

case may be, will not be entitled to exchange such Definitive Certificate, for Book-Entry Interests in a Global Certificate. Any Certificates issued in definitive form will be issued in registered form only and will be subject to the provisions set forth under Certificates Condition 1(b) (*Title*) **provided that** no transfer shall be registered for a period of 15 days immediately preceding any due date for payment in respect of the Certificate.

#### 4. **Payments**

The following amounts will be paid to the holders of the Certificates represented by the Global Certificates on a *pro rata* basis: (i) Residual Payments plus any Excess Mortgage Early Redemption Amounts; (ii) on the first Interest Payment Date, any surplus amount standing to the credit of the Start-Up Costs Ledger as at the first Determination Date; and (iii) on the Issue Date an amount equal to the Excess X Note Proceeds. The Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant Clearing System. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant Clearing System shall not affect such discharge. Each holder of Book-Entry Interests must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of any amounts paid by or on behalf of the Issuer to the Common Depositary or its nominees in respect of those Book-Entry Interests.

For the purpose of any payments made in respect of a Global Certificate, Certificates Condition 4(g) (*Payments on business days*) shall not apply, and all such payments shall be made on a day which is a business day (as defined in Certificates Condition 4(g) (*Payments on business days*)).

#### 5. **Book-Entry Interests**

Ownership of Book-Entry Interests is limited to persons that have accounts with Euroclear or Clearstream, Luxembourg or ("**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 or Clearstream, Luxembourg, 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 and Clearstream, Luxembourg 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 initially credited will be designated by the Co-Arranger. 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 or Clearstream, Luxembourg (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).

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, 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 Clearstream, Luxembourg. On each record date, Euroclear and Clearstream, Luxembourg will determine the identity of the Certificateholders for the purposes of making payments to the Certificateholders. The record date, in respect of the Certificates shall be one Clearing System Business Day prior to the relevant Interest Payment Date where "**Clearing System Business Day**" means a day on which each clearing system for which the Certificates are being held is open for business. 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 and will be the responsibility of such Participants or Indirect Participants. None of the Issuer, any agent of the Issuer, the Co-Arranger, the Joint Lead Managers 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 or for maintaining, supervising or reviewing any records relating to a Participant's ownership of Book-Entry Interests.

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 to own, transfer or pledge Book-Entry Interests.

So long as a nominee of the Common Depositary, as applicable, is the registered holder of the respective Global Certificates underlying the Book-Entry Interests, the nominee of the Common Depositary will be considered the sole Certificateholder of the relevant Global Certificate for all purposes under the Trust Deed and the Paying Agency Agreement. Except as set forth under "*Issuance of Definitive Certificates*" above, Participants or Indirect Participants will not be entitled to have Certificates registered in their names, will not receive or be entitled to receive physical delivery of Certificates 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 or Clearstream, Luxembourg, as the case may be, and Indirect Participants must rely on the procedures of the Participants 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 Certificates under the Trust Deed. See "*Action in respect of the Global Certificate and the Certificate Book-Entry Interests*" below.

Unlike legal owners or holders of the Certificates, 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 Certificateholders. 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 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 Global Certificates, holders of Book-Entry Interests will be restricted to acting through Euroclear or Clearstream, Luxembourg, as the case may be, unless and until Definitive Certificates are issued in accordance with the Conditions. There can be no assurance that the procedures to be implemented by Euroclear or Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed.

Unless and until Book-Entry Interests in the Global Certificates are exchanged for Definitive Certificates, the Global Certificates registered in the name of a nominee of the Common Depositary may not be transferred except as a whole by the Common Depositary to a successor of the Common Depositary.

Purchasers of Book-Entry Interests in a Global Certificate will hold Book-Entry Interests in the respective Global Certificates relating thereto. Investors may hold their Book-Entry Interests in respect of a Global Certificate directly through Euroclear or Clearstream, Luxembourg, 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 respective Global Certificate, as the case may be, 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.

**6. Transfer**

All transfers of Certificate Book-Entry Interests will be recorded in accordance with the book-entry systems maintained by Euroclear or Clearstream, Luxembourg, as applicable, pursuant to customary procedures established by each respective system and its Participants (see the section above entitled "*Book-Entry Interests*"). Beneficial interests in the Global Certificate may be held only through Euroclear or Clearstream, Luxembourg.

**7. Action in respect of the Global Certificate and the Certificate Book-Entry Interests**

Not later than 10 days after receipt by the Issuer of any notice in respect of the Global Certificate or any notice of solicitation of consents or requests for a waiver or other action by the holder of the Global Certificate, the Issuer will deliver to Euroclear and Clearstream, Luxembourg 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 and Clearstream, Luxembourg will be entitled to

instruct the Issuer as to the consent, waiver or other action, if any, pertaining to the Certificate Book-Entry Interests or the Global Certificate and (c) a statement as to the manner in which such instructions may be given. Upon the written request of Euroclear or Clearstream, Luxembourg, 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 Certificate Book-Entry Interests or the Global Certificate in accordance with any instructions set out in such request. Euroclear and Clearstream, Luxembourg are expected to follow the procedures described under the section above entitled "*Book-Entry Interests*", with respect to soliciting instructions from their respective Participants.

8. **Trading between Clearing System participants**

Trading between Euroclear and/or Clearstream, Luxembourg participants

Secondary market sales of Book-Entry Interests in the Certificates held through Euroclear or Clearstream, Luxembourg to purchasers of Book-Entry Interests in the Certificates held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional Eurobonds and sterling denominated bonds.

9. **Notices**

So long as the Certificates are in global form and held on behalf of a relevant Clearing System, notices to Certificateholders may be given by delivery of the relevant notice to that relevant Clearing System for communication by it to entitled accountholders in substitution for publication as required by the Certificates Conditions.

10. **Meetings**

Subject to the provisions of the Trust Deed, the holder of the Global Certificate shall be treated as two Certificateholders for the purposes of constituting a quorum for the purposes of meeting the quorum requirements of a meeting of Certificateholders.

11. **Purchase and Cancellation**

On cancellation of any Certificate required by the Conditions to be cancelled following its purchase, the Issuer shall procure that details of such cancellation shall be entered *pro rata* in the records of the relevant Clearing Systems and, upon any such entry being made, the nominal amount of the Certificates recorded in the records of the relevant Clearing Systems and represented by this Global Certificate shall be reduced by the aggregate nominal amount of the Certificates so cancelled.

12. **Trustee's Powers**

In considering the interests of Certificateholders while the Global Certificate is held on behalf of a relevant Clearing System, the Trustee may have regard to any information provided to it by such relevant Clearing System or its operator as to the identity (either individually or by category) of its accountholders with entitlements to the Global Certificate and may consider such interests as if such accountholders were the holder of the Global Certificate.

## TERMS AND CONDITIONS OF THE NOTES

The following are the terms and conditions of the Notes in the form in which they will be set out in the Trust Deed. If the Notes were to be represented by Definitive Notes, the Conditions set out on the reverse of each of such Definitive Notes would be as follows. While the Notes are represented by Global Notes, they will be governed by the same terms and conditions except to the extent that such terms and conditions are appropriate only to securities in definitive form or are expressly varied by the terms of such Global Notes. These terms and conditions are subject to the detailed provisions of the Trust Deed and the other Transaction Documents (as defined below).

The issue of £175,350,000 A Notes due December 2056 (the "**A Notes**"), £9,450,000 B Notes due December 2056 (the "**B Notes**"), £5,250,000 C Notes due December 2056 (the "**C Notes**"), £5,250,000 D Notes due December 2056 (the "**D Notes**"), £5,250,000 E Notes due December 2056 (the "**E Notes**"), £4,200,000 F Notes due December 2056 (the "**F Notes**"), £5,250,000 G Notes due December 2056 (the "**G Notes**"), £4,200,000 Z Notes due December 2056 (the "**Z Notes**") and £3,150,000 X Notes due December 2056 (the "**X Notes**") (together with the A Notes, the B Notes, the C Notes, the D Notes, the E Notes the F Notes, the G Notes and the Z Notes, the "**Notes**") of Genesis Mortgage Funding 2019-1 plc (the "**Issuer**") was authorised by a resolution of the Board of directors of the Issuer passed on 5 August 2019. Together, the A Notes, the B Notes, the C Notes, the D Notes, the E Notes and the F Notes are the "**Rated Notes**".

The Notes are constituted by a trust deed (as amended or modified from time to time, the "**Trust Deed**") dated on or about 28 August 2019 (the "**Issue Date**") between the Issuer and Citicorp Trustee Company Limited (the "**Trustee**") as trustee for the holders of the Notes (the "**Noteholders**"). Any reference in these terms and conditions (the "**Conditions**") to a "**Class**" of Notes or Noteholders shall be a reference to, as the case may be, the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes, the X Notes and the Z Notes or to the respective holders thereof.

These Conditions include summaries of, and are subject to, the detailed provisions of (1) the Trust Deed, which includes the form of the Notes, (2) the paying agency agreement (the "**Paying Agency Agreement**") dated the Issue Date relating to the Notes between, among others, the Issuer, the Trustee, Citibank, N.A., London Branch as agent bank (the "**Agent Bank**"), Citibank, N.A., London Branch as principal paying agent (the "**Principal Paying Agent**"), Citibank, N.A., London Branch, as registrar (the "**Registrar**") and the other paying agents named in it (together with the Principal Paying Agent and any other or further paying agent appointed under the Paying Agency Agreement, the "**Paying Agents**" and together with the Registrar, the "**Agents**"), (3) the deed of charge and assignment (the "**Deed of Charge**") dated the Issue Date between the Issuer and the Trustee, (4) the cash administration agreement (the "**Cash Administration Agreement**") dated the Issue Date between, *inter alios*, the Issuer and Bluestone Mortgages Limited (the "**Cash Administrator**") and (5) the retention letter (the "**Retention Letter**") dated the Issue Date between, among others, the Issuer and the Risk Retention Holder.

In these Notes Conditions, capitalised words and expressions shall, unless otherwise defined below, have the same meanings as those given in Schedule 1 (*Master Definitions Schedule*) of the Master Definitions Agreement dated the Issue Date between, *inter alia*, the Issuer and the Trustee.

Copies of the Trust Deed, the Paying Agency Agreement, the Deed of Charge, the Cash Administration Agreement, the Master Definitions Agreement and the other Transaction Documents are available (i) for inspection during usual business hours at the specified offices from time to time of the Principal Paying Agent and (ii) online at [www.sf.citidirect.com](http://www.sf.citidirect.com) and will be available in such manner for at least as long as the Notes are admitted to listing on Euronext Dublin and the guidelines of Euronext Dublin so require. The 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 Deed of Charge, the Master Definitions Agreement and the other Transaction Documents. For the avoidance of doubt, [www.sf.citidirect.com](http://www.sf.citidirect.com) will not be the website that conforms to the requirements set out in Article 7(2) of the Securitisation Regulation on which the Transaction Documents and Prospectus will be made available in compliance with Article 7(1) of the Securitisation Regulation from time to time.

1. **Form, Denomination and Title**

(a) ***Form and denomination***

- (i) The Notes are in fully registered form in the denominations of £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000. No Definitive Notes will be issued with a denomination above £199,000.
- (ii) The Notes of each Class will be represented on issue by beneficial interests in one or more Global Notes in fully registered form, without interest or principal receipts.
- (iii) For so long as any Notes are represented by a Global Note, 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 and procedures from time to time of Euroclear or Clearstream, Luxembourg as appropriate.
- (iv) For so long as the Notes are represented by a Global Note and Euroclear and Clearstream, Luxembourg so permit, the Notes shall be tradable only in minimal amounts of £100,000 and integral multiples of £1,000 thereafter.
- (v) Certificates evidencing definitive registered Notes in an aggregate principal amount equal to the Principal Amount Outstanding of the Global Notes (the "**Definitive Notes**") will be issued in registered form and in the circumstances referred to below. Definitive Notes, if issued, will be issued in the denomination of £100,000 and integral multiples of £1,000 thereafter.
- (vi) If, while the Notes are represented by a Global Note:
  - (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 announce an intention permanently to cease business and do so cease to do business; or
  - (B) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom or of any political subdivision therein or thereof having power to tax or in the interpretation or administration of such legislation which becomes effective on or after the Issue Date, the Issuer or the Principal Paying Agent is or will be required to make any deduction or withholding for or on account of Tax from any payment in respect of the Notes which would not be required were the Notes in definitive form,

the holders of Book-Entry Interests in the Global Notes will be entitled to receive certificates evidencing definitive notes in registered form in exchange for their respective holdings of Book-Entry Interests.

(b) ***Title and transfer***

- (i) The person registered in the Register as the holder of any Note will (to the fullest extent permitted by applicable law) 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 Note regardless of any notice of ownership, theft or loss, of any trust or other interest therein or of any writing thereon or, if more than one person, the first named of such persons who will be treated as the absolute owner of such Note.
- (ii) The Issuer shall cause to be kept at the specified office of the Registrar the Register, on which shall be entered the names and addresses of the holders of the Notes and the particulars of the Notes held by them and of all transfers of the Notes.

- (iii) No transfer of a Note will be valid unless and until entered on the Register.
- (iv) Transfers and exchanges of beneficial interests in the Global Notes and any Definitive Notes and entries on the Register relating thereto will be made subject to any restrictions on transfers set forth on such Notes and the detailed regulations concerning transfers of such Notes contained in the Paying Agency Agreement and the Trust Deed. In no event will the transfer of a beneficial interest in a Global Note or the transfer of a Definitive Note be made absent compliance with the regulations referred to above, and any purported transfer in violation of such regulations shall be void *ab initio* and will not be honoured by the Issuer or the Trustee. The regulations referred to above 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 Principal Paying Agent in the UK or the Registrar to any holder of a Note who so requests (and who provides evidence of such holding where the Notes are in global form) and will be available upon request at the specified office of the Registrar or the Principal Paying Agent.
- (v) A Definitive Note may be transferred in whole or in part 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 or the Principal Paying Agent. In the case of a transfer of part only of a Definitive Note, a new Definitive Note, in respect of the balance remaining will be issued to the transferor by or by order of the Registrar.
- (vi) Each new Definitive Note, to be issued upon transfer of Definitive Notes will, within five Business Days of receipt of such request for transfer, be available for delivery at the specified office of the Registrar or the Principal Paying Agent 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.
- (vii) 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 or other governmental charges which may be imposed in relation to it.
- (viii) No holder of a Definitive Note may require the transfer of such Note to be registered during the period of 15 days ending on the due date for any payment of principal or interest on such Note.
- (ix) All transfers of Notes and entries on the Register are subject to detailed regulations concerning the transfer of Notes scheduled to the Paying Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

## 2. **Status, Security and Administration**

- (a) The Notes constitute direct, secured and unconditional obligations of the Issuer, recourse in respect of which is limited in the manner described in Notes Condition 10 (*Enforcement of Security, Limited Recourse and Non-Petition*).
  - (i) As regards payments of interest:
    - (A) prior to the earlier to occur of (i) the date on which the Trustee serves an Enforcement Notice on the Issuer pursuant to Notes Condition 9 (*Events of Default*) declaring the Notes to be due and repayable, (ii) the Final Maturity Date, or (iii) the Interest Payment Date on which the relevant Notes are redeemed in accordance with Notes Condition 5(d) (*Optional Redemption in Full at the Direction of the Mortgage Pool Option Holder*) at the direction of the Mortgage Pool Option Holder, Notes Condition

5(e) (*Optional Redemption in Full Following the Exercise of a Risk Retention Regulatory Change Option*) or Notes Condition 5(f) (*Optional Redemption for Taxation or Other Reasons*) and (in the case of (ii) to (iii) inclusive) each such date a "**Redemption Event**"), (I) the A Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes, the X Notes, the Z Notes and the Certificates; (II) the B Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the C Notes, the D Notes, the E Notes, the F Notes, the G Notes, the X Notes, the Z Notes and the Certificates; (III) the C Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the D Notes, the E Notes, the F Notes, the G Notes, the X Notes, the Z Notes and the Certificates; (IV) the D Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the E Notes, the F Notes, the G Notes, the X Notes, the Z Notes and the Certificates; (V) the E Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the F Notes, the G Notes, the X Notes, the Z Notes and the Certificates; (VI) the F Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority of the X Notes, the Z Notes and the Certificates; (VII) the G Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the X Notes, the Z Notes and the Certificates; (VIII) the X Notes shall rank *pari passu* and without any preference of priority amongst themselves and in priority to the Z Notes and the Certificates; (IX) subject as provided below, the Z Notes shall rank *pari passu* and without any preference of priority amongst themselves and in priority to the Certificates; and (X) subject as provided below, the Certificates shall rank *pari passu* and without any preference or priority amongst themselves; and

- (B) following (i) the date on which the Trustee serves an Enforcement Notice on the Issuer pursuant to Notes Condition 9 (*Events of Default*) declaring the Notes to be due and repayable or (ii) the occurrence of a Redemption Event, (I) the A Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes, the X Notes, the Z Notes and the Certificates; (II) the B Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the C Notes, the D Notes, the E Notes, the F Notes, the G Notes, the X Notes, the Z Notes and the Certificates; (III) the C Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the D Notes, the E Notes, the F Notes, the G Notes, the X Notes, the Z Notes and the Certificates; (IV) the D Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the E Notes, the F Notes, the G Notes, the X Notes, the Z Notes and the Certificates; (V) the E Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the F Notes, the G Notes, the X Notes, the Z Notes and the Certificates; (VI) the F Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the G Notes, the X Notes, the Z Notes and the Certificates; (VII) the G Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the X Notes, the Z Notes and the Certificates; (VIII) the X Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the Z Notes and the Certificates; (IX) subject as provided below, the Z Notes shall rank *pari passu* and without any preference of priority amongst themselves and in priority to the Certificates; and (X) subject as provided below, the Certificates shall



rank *pari passu* and without any preference or priority amongst themselves.

- (ii) As regards repayments of principal on the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes and the G Notes:
  - (A) prior to (i) the date on which the Trustee serves an Enforcement Notice on the Issuer pursuant to Notes Condition 9 (*Events of Default*) declaring the Notes to be due and repayable or (ii) the occurrence of a Redemption Event, (I) the A Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the B Notes, the C Notes, the D Notes, the E Notes, the F Notes and the G Notes; (II) the B Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the C Notes, the D Notes, the E Notes, the F Notes and the G Notes; (III) the C Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the D Notes, the E Notes, the F Notes and the G Notes; (IV) the D Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the E Notes, the F Notes and the G Notes; (V) the E Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the F Notes and the G Notes; (VI) the F Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the G Notes; and (VII) the G Notes shall rank *pari passu* and without any preference or priority amongst themselves; and
  - (B) following (i) the date on which the Trustee serves an Enforcement Notice on the Issuer pursuant to Notes Condition 9 (*Events of Default*) declaring the Notes to be due and repayable or (ii) the occurrence of a Redemption Event, the provisions of Notes Condition 2(d) (*Post-Enforcement Priority of Payments*) shall apply.
- (iii) As regards payments on the X Notes, the Z Notes and the Certificates:
  - (A) payments of interest and principal in respect of the X Notes and the Z Notes will be payable only to the extent there are: (i) Available Revenue Funds under and in accordance with the Pre-Enforcement Revenue Priority of Payments; or (ii) available funds under and in accordance with the Post-Enforcement Priority of Payments (if applicable);
  - (B) following (i) the date on which the Trustee serves an Enforcement Notice on the Issuer pursuant to Notes Condition 9 (*Events of Default*) declaring the Notes to be due and repayable or (ii) the occurrence of a Redemption Event payments in respect of the X Notes, the Z Notes and the Certificates will be made in accordance with the Post-Enforcement Priority of Payments;
  - (C) following the service of an Enforcement Notice, payments of principal in respect of the X Notes will only be payable to the extent that the A Notes to the G Notes (inclusive) have first been paid in full in accordance with the Post-Enforcement Priority of Payments;
  - (D) following the service of an Enforcement Notice, payments of principal in respect of the Z Notes will only be payable to the extent that the A Notes to the X Notes (inclusive) have first been paid in full in accordance with the Post-Enforcement Priority of Payments; and
  - (E) payments in respect of the Certificates shall only be payable (a) out of Available Revenue Funds under and in accordance with the Pre-Enforcement Revenue Priority of Payments; (b) out of Available Principal Funds in accordance with the Pre-Enforcement Principal

Priority of Payments; (c) out of available funds in accordance with the Post-Enforcement Priority of Payments after (i) the date on which the Trustee serves an Enforcement Notice on the Issuer pursuant to Notes Condition 9 (*Events of Default*) declaring the Notes to be due and repayable or (ii) the occurrence of a Redemption Event; (d) on each Interest Payment Date from any Excess Mortgage Early Redemption Amounts received in respect of a Loan by the Issuer during the prior Determination Period and (e) as provided in paragraphs (v), (vi) and (vii) below.

- (iv) For the avoidance of doubt any residual balance following payment of all prior ranking items in the Pre-Enforcement Revenue Priority of Payments will be payable to the X Notes, then the Z Notes and then the Certificates or the Post-Enforcement Priority of Payments will be payable to the A Notes, then the B Notes, then the C Notes, then the D Notes, then the E Notes, then the F Notes, then the G Notes, then the X Notes, then the Z Notes and then the Certificates. As a result there may be insufficient funds or no funds available to make payments on the Notes and/or the Certificates.
- (v) An amount equal to £250,000 shall on the Issue Date be credited to a separate ledger within the Transaction Account (the "**Start-Up Costs Ledger**") for the payment by the Issuer of such Issuer Costs and Expenses. Any balance standing to the credit of the Start-Up Costs Ledger on the Determination Date falling immediately prior to the first Interest Payment Date shall after taking into account any I to SC Upfront Rebalancing Payment be paid directly to the Certificateholders on the first Interest Payment Date and will not form part of the Available Revenue Funds.
- (vi) An amount equal to the Excess X Note Proceeds shall be paid to the Certificateholders on the Issue Date and will not form part of the Available Revenue Funds.
- (vii) An amount standing to the credit of the Revenue Ledger equal to any SC to I Upfront Rebalancing Payment shall be paid to the Certificateholders on the first Interest Payment Date and shall not form part of the Available Revenue Funds.
- (viii) The Notes are constituted by the Trust Deed and are secured by the same security, but upon enforcement of the security created pursuant to the Deed of Charge (the "**Security**"), the Notes will rank in the priority as referred to above.
- (ix) The Trust Deed contains provisions requiring the Trustee to have regard to the interests of the Noteholders equally as regards all powers, trusts, authorities, duties and discretions of the Trustee (except where expressly provided otherwise), but requiring the Trustee to have (except where expressly provided otherwise) regard only to the interests of the holders of the Most Senior Class if, in the Trustee's opinion, there is a conflict between the interests of the holders of the Most Senior Class and the interests of any of the other Noteholders and the other Noteholders (not being holders of the Most Senior Class) shall have no claim against the Trustee for so doing.
- (x) The Trust Deed contains provisions limiting the powers of the holders of those Classes of Notes other than the Most Senior Class, *inter alia*, to request or direct the Trustee to take any action or to pass an effective Extraordinary Resolution according to the effect thereof on the interests of the holders of the Most Senior Class. Except in certain circumstances set out in Notes Condition 11 (*Meetings of Noteholders; Modifications; Consents; Waiver*), the Trust Deed contains no such limitation on the powers of the holders of the Most Senior Class, the exercise of which will be binding on the holders of the other Classes of Notes, irrespective of the effect thereof on their interests.

- (xi) The Trust Deed and Notes Condition 11 (*Meetings of Noteholders; Modifications; Consents; Waiver*) also contain provisions regarding the resolution of disputes between the holders of more than one Class of Notes where all of such Classes are the Most Senior Class and between the holders of more than one Class of Notes other than the Most Senior Class.
- (xii) The Trust Deed contains provisions to the effect that, so long as any of the 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 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.
- (xiii) So long as any of the Notes and Certificates remain outstanding, in the exercise of its rights, authorities and discretions under the Trust Deed, the Trustee is not required to have regard to the interests of the other Secured Creditors (except for the Noteholders and Certificateholders).
- (xiv) In determining whether the exercise of any right, power, trust, authority, duty or discretion by it under or in relation to the Conditions and/or any of the Transaction Documents is materially prejudicial to the interests of the Noteholders or Certificateholders (or any class thereof), the Trustee may take into account, if available, amongst any other things it may consider necessary and/or appropriate in its absolute discretion, whether the then rating of the Rated Notes will be adversely affected.

(b) **Security**

As security for the payment of all monies payable in respect of the 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 the Legal Title Holder, the Servicer and the Servicer Facilitator under the Servicing Agreement, the Cash Administrator Facilitator and the Cash Administrator under the Cash Administration Agreement, the Agents under the Paying Agency Agreement, the Account Bank under the Bank Agreement, the Collection Account Provider in connection with the Collection Account, the Swap Counterparty under the Swap Agreement, the Corporate Services Provider under the Corporate Services Agreement and any other party which is, or accedes to the Deed of Charge as a Secured Party, 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 equitable charges and security in favour of the Trustee over the Issuer's present and future right, title, benefit and interest in, to and under the Loans, the Mortgages and their related Collateral 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 Loans;
- (iii) an equitable assignment in favour of the Trustee of the Issuer's right, title, interest and benefit in, to and under the Bank Agreement, the Collection Account Agreement, the Collection Account Declaration of Trust, the Cash Administration Agreement, the Corporate Services Agreement, the Deed Poll, the Risk Retention Regulatory Change Deed Poll, the Deed of Charge, the Servicing Agreement, the Mortgage Sale Agreement, the Retention Letter, the Paying Agency Agreement, the Trust Deed, the Issuer/ICSD Agreement, the Swap Agreement, the Reporting Designation Letter and any other agreement entered into between the Issuer and a secured party to the Deed of Charge (the "**Charged Obligation Documents**" other than the Trust Deed and the Deed of Charge);

- (iv) a first fixed charge in favour of the Trustee over (x) the Issuer's interest in the Bank Accounts and any Authorised Investments, (y) the Issuer's beneficial interest in the Collection Account and (z) any other accounts with any bank or financial institution in which the Issuer now or in the future has an interest (to the extent of its interest); and
- (v) a first floating charge in favour of the Trustee (ranking after the security referred to in paragraphs (i) to (iv) (inclusive) above) over the whole of the undertaking, property, assets and rights of the Issuer.

The Issuer will also grant in favour of the Trustee and pursuant to the Deed of Charge, an assignation in security of the Issuer's beneficial interest in the Scottish Loans and their Collateral Security (comprising the Issuer's beneficial interest under each Scottish Declaration of Trust) in terms of each Scottish Trust Security.

(c) ***Pre-Enforcement Revenue Priority of Payment***

Prior to (i) the service of an Enforcement Notice or (ii) the occurrence of a Redemption Event, on each Interest Payment Date, the Cash Administrator shall apply an amount equal to the Available Revenue Funds, which shall include for the avoidance of doubt:

- (i) interest (if any) earned on the amounts in the Bank Accounts for the Determination Period immediately preceding the Determination Date;
- (ii) the proceeds of any Authorised Investments attributable to Revenue Collections for the Determination Period immediately preceding the relevant Determination Date;
- (iii) the Revenue Collections received for the Determination Period immediately preceding the relevant Determination Date;
- (iv) any amounts to be received or expected to be received by the Issuer under the Swap Agreement or any replacement Swap Agreement on the Interest Payment Date immediately following the relevant Determination Date (but excluding (i) any Swap Excluded Receivables Amounts; (ii) any amounts standing to the credit of the Issuer Profit Ledger; (iii) any amounts credited to the Swap Collateral Account; (iv) any Swap Collateral Account surplus; and (v) any SC to I Upfront Rebalancing Payment);
- (v) any General Reserve Fund Excess Amount;
- (vi) for so long as there are any Rated Notes outstanding (including on the Interest Payment Date on which the Rated Notes are redeemed in full), such amount equal to any Shortfall standing to the credit of the General Reserve Fund Ledger if and to the extent there will be a Shortfall on the immediately following Interest Payment Date;
- (vii) for so long as there are any A Notes outstanding (including on the Interest Payment Date on which the A Notes are redeemed in full), such amount equal to any Revenue Shortfall standing to the credit of the Liquidity Reserve Fund Ledger if and to the extent there will be a Revenue Shortfall on the immediately following Interest Payment Date to be applied to items (i) to (vi) of the Pre-Enforcement Revenue Priority of Payments;
- (viii) any Principal Addition Amounts if and to the extent there will be a Further Revenue Shortfall on the immediately following Interest Payment Date to be applied to items (i) to (vi) (inclusive) and (if the A Notes have been redeemed in full) the relevant item corresponding to the payment of amounts (other than in respect of principal) in respect of the Most Senior Class, in each case of the Pre-Enforcement Revenue Priority of Payments;

- (ix) on the first Interest Payment Date, any balance standing to the credit of the Pre-Funding Revenue Reserve Ledger as at the Final Additional Loan Purchase Date (taking into account any debits made on that ledger on such date);
- (x) on the first Interest Payment Date, an amount equal to any I to SC Upfront Rebalancing Payment in aggregate up to the I to SC Upfront Rebalancing Payment Cap to be deducted from amounts standing to the credit of the Start-Up Costs Ledger;
- (xi) income from any Authorised Investments in respect of the Determination Period ending immediately prior to the relevant Determination Date; and
- (xii) any Mortgage Early Redemption Amounts paid to the Issuer,

but excluding (A) an amount equal to all Excess Mortgage Early Redemption Amounts in respect of the Determination Period ending immediately prior to the Determination Date (any such amount being payable by the Issuer directly to the Certificateholders, to the extent due to the Certificateholders) and (B) any Third Party Amounts allocable to interest, in making the following payments in the following order of priority, but in each case only to the extent that all payments of a higher priority have been made in full; (the "**Pre-Enforcement Revenue Priority of Payments**"):

- (i) *first*, to pay *pro rata* (I) when due the remuneration payable to the Trustee (plus VAT, if any) and any fees (including legal fees), costs, charges, liabilities and expenses incurred by and/or payable to it under the provisions of or in connection with the Trust Deed or the Deed of Charge or either or both of them together or any other documents entered into by the Trustee in its capacity as trustee under the Trust Deed or the Deed of Charge or either or both of them with interest as provided in the Trust Deed or the Deed of Charge or either or both of them and (II) any amounts due and payable to any Receiver and any Appointee of the Trustee in relation to the Transaction Documents;
- (ii) *second*, to pay *pro rata* and *pari passu*:
  - (A) (x) the Servicing Fee payable to the Servicer under the Servicing Agreement up to the Servicing Fee Cap and any other amounts due to the Servicer under the Servicing Agreement; (y) the Legal Title Holder Fee to the Legal Title Holder under the Servicing Agreement and any other amounts due to the Legal Title Holder under the Servicing Agreement; and (z) amounts due and any fees (including legal fees), costs, charges, liabilities, and expenses to the Cash Administrator under the Cash Administration Agreement;
  - (B) amounts due (plus value added tax, if any) and any fees (including legal fees), costs, charges, liabilities, and expenses incurred by it to the Agents, the Agent Bank, the Swap Collateral Account Bank and the Account Bank;
  - (C) amounts due (plus value added tax, if any) and any fees (including legal fees), costs, charges, liabilities, and expenses incurred by it to the Collection Account Provider;
  - (D) amounts due and payable (plus value added tax, if any) to the Corporate Services Provider under and in accordance with the Corporate Services Agreement, the Servicer Facilitator and the Cash Administrator Facilitator under the Servicing Agreement and the Cash Administration Agreement respectively;
  - (E) amounts due and payable to any Custodian; and
  - (F) amounts due and payable to any Liquidation Agent;

- (iii) *third*, to pay *pro rata* and *pari passu* 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 of the Transaction Documents and not provided for payment elsewhere and to provide for any such amounts expected to become due and payable by the Issuer after that Interest Payment Date and prior to the next Interest Payment Date and to provide for the Issuer's liability or possible liability for corporation tax to the extent not payable from the Issuer Profit;
- (iv) *fourth*, to retain an amount equal to the Issuer Profit, which shall be credited to the Issuer Profit Ledger;
- (v) *fifth*, in, or towards payment *pro rata* and *pari passu* of any amounts to the Swap Counterparty in respect of the Swap Agreement (other than any Swap Subordinated Amounts which are due and payable under item (xxvi) below or any Swap Excluded Payable Amounts which shall be discharged in accordance with the Swap Agreement and the Transaction Documents);
- (vi) *sixth*, to pay *pro rata* and *pari passu* 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 entitlement of the A Noteholders);
- (vii) *seventh*:
  - (A) following the Initial LRF Funding Date, amounts to be credited to the Liquidity Reserve Fund Ledger, up to the Liquidity Reserve Fund Required Amount; and
  - (B) to credit amounts to the Liquidity Reserve Deficiency Ledger until the balance of the Liquidity Reserve Deficiency Ledger has reached zero (such corresponding amounts to be applied to the Liquidity Reserve Fund Ledger);
- (viii) *eighth*, amounts to be credited to the A Principal Deficiency Ledger (such amounts to be applied in redemption of the Notes in accordance with Notes Condition 5 (*Redemption*)) until the balance of the A Principal Deficiency Ledger has reached zero;
- (ix) *ninth*, to pay *pari passu* and *pro rata* amounts (other than in respect of principal) payable in respect of the B Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the B Noteholders);
- (x) *tenth*, amounts to be credited to the B Principal Deficiency Ledger (such amounts to be applied in redemption of the Notes in accordance with Notes Condition 5 (*Redemption*)) until the balance of the B Principal Deficiency Ledger has reached zero;
- (xi) *eleventh*, to pay *pari passu* and *pro rata* amounts (other than in respect of principal) payable in respect of the C Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the C Noteholders);
- (xii) *twelfth*, amounts to be credited to the C Principal Deficiency Ledger (such amounts to be applied in redemption of the Notes in accordance with Notes Condition 5 (*Redemption*)) until the balance of the C Principal Deficiency Ledger has reached zero;
- (xiii) *thirteenth*, to pay *pari passu* and *pro rata* amounts (other than in respect of principal) payable in respect of the D Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the D Noteholders);
- (xiv) *fourteenth*, amounts to be credited to the D Principal Deficiency Ledger (such amounts to be applied in redemption of the Notes in accordance with Notes

- Condition 5 (*Redemption*)) until the balance of the D Principal Deficiency Ledger has reached zero;
- (xv) *fifteenth*, to pay *pari passu* and *pro rata* amounts (other than in respect of principal) payable in respect of the E Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the E Noteholders);
  - (xvi) *sixteenth*, amounts to be credited to the E Principal Deficiency Ledger (such amounts to be applied in redemption of the Notes in accordance with Notes Condition 5 (*Redemption*)) until the balance of the E Principal Deficiency Ledger has reached zero;
  - (xvii) *seventeenth*, to pay *pari passu* and *pro rata* amounts (other than in respect of principal) payable in respect of the F Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the F Noteholders);
  - (xviii) *eighteenth*, amounts to be credited to the F Principal Deficiency Ledger (such amounts to be applied in redemption of the Notes in accordance with Notes Condition 5 (*Redemption*)) until the balance of the F Principal Deficiency Ledger has reached zero;
  - (xix) *nineteenth*, amounts to be credited to the General Reserve Fund Ledger, up to the General Reserve Fund Required Amount;
  - (xx) *twentieth*, to pay *pari passu* and *pro rata* amounts (other than in respect of principal) payable in respect of the G Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the G Noteholders);
  - (xxi) *twenty-first*, amounts to be credited to the G Principal Deficiency Ledger (such amounts to be applied in redemption of the Notes in accordance with Notes Condition 5 (*Redemption*)) until the balance of the G Principal Deficiency Ledger has reached zero;
  - (xxii) *twenty-second*, to pay *pari passu* and *pro rata* amounts (other than in respect of principal) payable in respect of the X Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the X Noteholders);
  - (xxiii) *twenty-third*, to pay *pari passu* and *pro rata* amounts (other than in respect of principal) payable in respect of the Z Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the Z Noteholders);
  - (xxiv) *twenty-fourth*, to pay principal *pari passu* and *pro rata* to the holders of the X Notes until redeemed in full;
  - (xxv) *twenty-fifth*, to pay principal *pari passu* and *pro rata* to the holders of the Z Notes until redeemed in full;
  - (xxvi) *twenty-sixth*, in or towards payment *pro rata* and *pari passu* according to the amount thereof and in accordance with the terms of the Swap Agreement to the Swap Counterparty of any Swap Subordinated Amounts (other than Swap Excluded Payable Amounts);
  - (xxvii) *twenty-seventh*, to pay *pro rata* and *pari passu* the Excess Servicing Fee to the Servicer;
  - (xxviii) *twenty-eighth*, on any Interest Payment Date occurring after the Mortgage Pool Option Date until the redemption in full of the Notes, to pay any remaining amounts as Additional Available Principal Funds; and
  - (xxix) *twenty-ninth*, to pay any remaining amounts *pro rata* and *pari passu* to the holders of the Certificates.

(d) ***Post-Enforcement Priority of Payments***

Following (i) the service of an Enforcement Notice, the Trustee shall, to the extent that such funds are available, use funds standing to the credit of the charged accounts, excluding (A) Swap Excluded Receivable Amounts, (B) any amounts credited to the Swap Collateral Account and any Swap Collateral Account surplus to the extent, in each case, utilised to discharge Swap Excluded Payable Amounts in accordance with the applicable Swap Agreement (C) amounts standing to the credit of the Issuer Profit Ledger, and (D) an amount equal to any Excess Mortgage Early Redemption Amounts or (ii) the occurrence of a Redemption Event, the Issuer (or the Cash Administrator) shall, to the extent that such funds are available, use funds standing to the credit of the Transaction Account to make payments in the following order of priority pursuant to and in accordance with the Deed of Charge in each case only if and to the extent that payments or provisions of a higher priority have been made in full (the "**Post-Enforcement Priority of Payments**"):

- (i) *first*, to pay, pro rata, (I) when due the remuneration payable to the Trustee (plus VAT, if any) and any fees (including legal fees), costs, charges, liabilities and expenses incurred by and/or payable to it under the provisions of or in connection with the Trust Deed or the Deed of Charge or either or both of them together or any other documents entered into by the Trustee in its capacity as trustee under the Trust Deed or the Deed of Charge or either or both of them with interest as provided in the Trust Deed or the Deed of Charge or either or both of them and (II) any amounts due and payable to any Receiver and any Appointee of the Trustee in relation to the Transaction Documents;
- (ii) *second*, to pay *pro rata* and *pari passu*:
  - (A) (x) the Servicing Fee payable to the Servicer under the Servicing Agreement up to the Servicing Fee Cap and any other amounts due to the Servicer under the Servicing Agreement; (y) the Legal Title Holder Fee to the Legal Title Holder under the Servicing Agreement and any other amounts due to the Legal Title Holder under the Servicing Agreement; and (z) amounts due and any fees (including legal fees), costs, charges, liabilities, and expenses to the Cash Administrator under the Cash Administration Agreement;
  - (B) amounts due (plus value added tax, if any) and any fees (including legal fees), costs, charges, liabilities, and expenses incurred by it to the Agents, the Agent Bank, the Swap Collateral Account Bank and the Account Bank;
  - (C) amounts due (plus value added tax, if any) and any fees (including legal fees), costs, charges, liabilities, and expenses incurred by it to the Collection Account Provider;
  - (D) amounts due and payable (plus value added tax, if any) to the Corporate Services Provider under and in accordance with the Corporate Services Agreement, the Servicer Facilitator and the Cash Administrator Facilitator under the Servicing Agreement and the Cash Administration Agreement respectively;
  - (E) amounts due and payable to any Custodian; and
  - (F) amounts due and payable to any Liquidation Agent;
- (iii) *third*, to retain an amount equal to the Issuer Profit, which shall be credited to the Issuer Profit Ledger;
- (iv) *fourth*, in, or towards payment *pro rata* and *pari passu* of any amounts payable to the Swap Counterparty in respect of the Swap Agreement (other than any Swap Subordinated Amounts which are due and payable under item (xiv) below or any



Swap Excluded Payable Amounts which shall be discharged in accordance with the Swap Agreement and the Transaction Documents;

- (v) *fifth*, to pay *pro rata* and *pari passu*:
  - (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) in accordance with Notes Condition 4 (*Interest*); and
  - (B) amounts payable to the A Noteholders in respect of principal on the A Notes until the A 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 B Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the B Noteholders) in accordance with Notes Condition 4 (*Interest*); and
  - (B) amounts payable to the B Noteholders in respect of principal on the B Notes until the B 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 C Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the C Noteholders) in accordance with Notes Condition 4 (*Interest*); and
  - (B) amounts payable to the C Noteholders in respect of principal on the C Notes until the C Notes are redeemed in full;
- (viii) *eighth*, to pay *pro rata* and *pari passu*:
  - (A) amounts (other than in respect of principal) payable in respect of the D Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the D Noteholders) in accordance with Notes Condition 4 (*Interest*); and
  - (B) amounts payable to the D Noteholders in respect of principal on the D Notes until the D Notes are redeemed in full;
- (ix) *ninth*, to pay *pro rata* and *pari passu*:
  - (A) amounts (other than in respect of principal) payable in respect of the E Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the E Noteholders) in accordance with Notes Condition 4 (*Interest*); and
  - (B) amounts payable to the E Noteholders in respect of principal on the E Notes until the E Notes are redeemed in full;
- (x) *tenth*, to pay *pro rata* and *pari passu*:
  - (A) amounts (other than in respect of principal) payable in respect of the F Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the F Noteholders) in accordance with Notes Condition 4 (*Interest*); and
  - (B) amounts payable to the F Noteholders in respect of principal on the F Notes until the F Notes are redeemed in full;

- (xi) *eleventh, to pay pro rata and pari passu:*
  - (A) amounts (other than in respect of principal) payable in respect of the G Notes (such amounts to be paid pro rata according to the respective interest entitlements of the G Noteholders) in accordance with Notes Condition 4 (*Interest*); and
  - (B) amounts payable to the G Noteholders in respect of principal on the G Notes until the G Notes are redeemed in full;
- (xii) *twelfth, to pay pro rata and pari passu:*
  - (A) amounts (other than in respect of principal) payable in respect of the X Notes (such amounts to be paid pro rata according to the respective interest entitlements of the X Noteholders) in accordance with Notes Condition 4 (*Interest*); and
  - (B) amounts payable to the X Noteholders in respect of the X Notes until the X Notes are redeemed in full;
- (xiii) *thirteenth, to pay pro rata and pari passu:*
  - (A) amounts (other than in respect of principal) payable in respect of the Z Notes (such amounts to be paid pro rata according to the respective interest entitlements of the Z Noteholders) in accordance with Notes Condition 4 (*Interest*); and
  - (B) amounts payable to the Z Noteholders in respect of principal on the Z Notes until the Z Notes are redeemed in full;
- (xiv) *fourteenth, to pay pro rata and pari passu to the Swap Counterparty any Swap Subordinated Amounts (other than Swap Excluded Payable Amounts);*
- (xv) *fifteenth, to pay pro rata and pari passu the Excess Servicing Fee to the Servicer;*
- (xvi) *sixteenth, to pay, pro rata and pari passu, 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 of the Transaction Documents and not provided for payment elsewhere and to provide for the Issuer's liability or possible liability for corporation tax to the extent not payable from the Issuer Profit; and*
- (xvii) *seventeenth, to pay any remaining amounts pro rata and pari passu to the holders of the Certificates.*

The Security will become enforceable upon the occurrence of an Event of Default (as defined in Notes Condition 9 (*Events of Default*)) **provided that** if the Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes or Certificates, the Trustee will not be entitled to dispose of the assets comprised in the Security or any part thereof unless either a sufficient amount would be realised to allow discharge in full of all amounts owing in respect of the Notes or Certificates, or the Trustee is of the opinion, reached after considering at any time and from time to time the advice of an investment bank or other financial adviser selected by the Trustee, that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing in respect of the Notes or Certificates.

(e) ***The Certificates***

Holders of the Certificates shall be entitled to receive their *pro rata* entitlement to:

- (i) the balance of amounts remaining following payments of all other items senior to the Certificates in the relevant Priority of Payments;
- (ii) on each Interest Payment Date any Excess Mortgage Early Redemption Amounts received by the Issuer during the prior Determination Period;
- (iii) on the first Interest Payment Date, any surplus amount standing to the credit of the Start-Up Costs Ledger as at the first Determination Date;
- (iv) on the Issue Date an amount equal to the Excess X Note Proceeds; and
- (v) an amount equal to any SC to I Upfront Rebalancing Payment.

3. **Covenants of the Issuer**

Save with the prior written consent of the Trustee or as expressly provided in or expressly envisaged by these Conditions, any Bank Agreement, the Collection Account Agreement, the Cash Administration Agreement, the Collection Account Declaration of Trust, the Swap Agreement, the Corporate Services Agreement, the Deed Poll, the Risk Retention Regulatory Change Deed Poll, the Deed of Charge, each Scottish Declaration of Trust, each Scottish Trust Security, the Master Definitions Agreement, the Servicing Agreement, the Mortgage Sale Agreement, the Retention Letter, the Parent Share Trust Deed, the Paying Agency Agreement, the Trust Deed, the Issuer/ICSD Agreement, the Reporting Designation Letter and any other document agreed between the Issuer and the Trustee as being a Transaction Document (together, the "**Transaction Documents**"), the Issuer shall not, so long as any Note remains outstanding (as defined in the Trust Deed), *inter alia*:

(a) ***Negative Pledge***

create or permit to subsist any mortgage, standard security, assignation, 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 Transaction Documents provide or envisage that the Issuer will engage in;
- (ii) open nor have any interest in any account whatsoever with any bank or financial institution other than the Collection Account held with the Collection Account Provider and the other Bank Accounts held with the Account Bank, save where such account is immediately charged in favour of the Trustee so as to form part of the Security described in Notes Condition 2 (*Status, Security and Administration*) and where the Trustee receives an acknowledgement from such bank or financial institution of the security rights and interests of the Trustee and an agreement that it will not exercise any right of set-off it might otherwise have against the account in question;
- (iii) have any subsidiaries or employees or premises; or
- (iv) act as a director of any company;

(c) ***Dividends or Distributions***

pay any dividend or make any other distribution to its shareholders except from amounts standing to the credit of the Issuer Profit Ledger;

- (d) ***Borrowings***
- incur or permit to subsist any indebtedness in respect of borrowed money whatsoever or give any guarantee in respect of any obligation of any person;
- (e) ***Merger***
- consolidate or merge with any other person or convey or transfer its properties or assets substantially or as an entirety to any other person;
- (f) ***Disposal of Assets***
- transfer, sell, lend, convey, assign, part with or otherwise dispose of or deal with, or grant any option or trust over or present or future right to acquire, any of its assets or undertaking or any interest, estate, right, title or benefit therein **provided that** the Issuer may (and may agree to) transfer, sell, lend, pledge, part with or otherwise dispose of or deal with, or grant any option over any present or future right to acquire any of its assets or undertaking or any interest, estate, right, title or benefit therein where the proceeds of the same are applied, *inter alia*, in or towards redemption of the Notes in accordance with the terms and conditions of the Notes and the terms of the Transaction Documents;
- (g) ***Tax Grouping***
- be (or ever have been) a member of a VAT group;
- (h) ***Independent Director***
- at any time have fewer than one independent director;
- (i) ***Deed Poll***
- following the exercise of any right under the Deed Poll to purchase the Mortgage Pool in accordance with the terms of the Deed Poll, the Issuer shall not seek to enter into an arrangement with any other third party to sell the Mortgage Pool and/or participate in any arrangement which frustrates the rights of the Mortgage Pool Option Holder to complete any such acquisition of the Mortgage Pool, unless the Seller has initiated a Market Portfolio Sale;
- (j) ***Risk Retention Regulatory Change Deed Poll***
- following the exercise of any right under the Risk Retention Regulatory Change Deed Poll to purchase the Mortgage Pool in accordance with the terms of the Risk Retention Regulatory Change Deed Poll, the Issuer shall not seek to enter into an arrangement with any other third party to sell the Mortgage Pool and/or participate in any arrangement which frustrates the rights of the Risk Retention Regulatory Change Option Holder to complete any such acquisition of the Mortgage Pool;
- (k) ***Other***
- permit any of the Transaction Documents, the Insurance Contracts relating to the Mortgages owned by the Issuer or the priority of the security interests created thereby to be amended, invalidated, rendered ineffective, terminated or discharged, or consent to any variation 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 Transaction Documents or Insurance Contracts or any other person whose obligations form part of the Security to be released from such obligations, or dispose of any Mortgage save as envisaged in the Transaction Documents and **provided that** the Issuer may enter into Swap Agreements if required.

#### 4. Interest

(a) ***Period of Accrual***

Each Note of each class bears interest from (and including) the Issue Date. Each 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 Notes Condition (as well after as before any judgment) up to (but excluding) the date on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder, or (if earlier) the seventh day after notice is duly given by the Principal Paying Agent to the holder thereof (in accordance with Notes Condition 13 (*Notice to Noteholders*)) that it has received all sums due in respect of each such Note (except to the extent that there is any subsequent default in payment).

(b) ***Interest Payment Dates and Interest Periods***

Subject to Notes Condition 6 (*Payments*), interest on the Notes (and amounts (if any) payable on the Certificates) is payable on the Interest Payment Date falling in December 2019, and thereafter quarterly in arrear on the 15<sup>th</sup> day in March, June, September and December 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 an "**Interest Payment Date**"). The period from (and including) an Interest Payment Date (or the Issue Date) to (but excluding) the next (or first) Interest Payment Date is called an "**Interest Period**" in these Notes Conditions.

(c) ***Rate of Interest***

The rate of interest payable from time to time in respect of each Class of Notes (each a "**Rate of Interest**" and together the "**Rates of Interest**") is as set out below.

Subject to Notes Condition 7 (*Prescription*), the Floating Rate of Interest (as defined below) payable from time to time and the Interest Amount (as defined below) in respect of the Floating Rate Notes will be determined on the basis of the provisions set out below:

- (i) on each Interest Determination Date, the Agent Bank will determine the Compounded Daily SONIA (as defined below) at approximately 11.00 a.m. (London time) on that date (the "**Reference Rate**").
- (ii) the Floating Rate of Interest for the Interest Period in respect of each class of Floating Rate Notes shall be the Reference Rate plus the Relevant Margin (as defined below);
- (iii) subject to paragraph (ii) above, if the Floating Rate of Interest cannot be determined by the Agent Bank in accordance with these Notes Conditions, the Floating Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Relevant Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Relevant Margin relating to the relevant Interest Period in place of the Relevant Margin relating to that last preceding Interest Period) or (ii) if there is no such Interest Determination Date, the initial Floating Rate of Interest which would have been applicable to such Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Issue Date (but applying the Relevant Margin applicable to the first Interest Period); and
- (iv) **provided that**, if there has been a public announcement of the permanent or indefinite discontinuation of the Reference Rate or the relevant benchmark rate that applies to the Notes at that time (the date of such public announcement being the "**Relevant Time**"), the Issuer (acting on the advice of the Servicer) shall, without undue delay, use commercially reasonable endeavours to propose an Alternative Benchmark Rate in accordance with Notes Condition 4(f)

(Modification and Waiver in relation to the Reference Rate) (the "**Relevant Condition**").

For the purposes of these Notes Conditions:

"**Banking Day**" means, any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London;

"**Compounded Daily SONIA**" means the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Agent Bank as at the Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 per cent. being rounded upwards:

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{SONIA_{i-5LBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

"**d**" is the number of calendar days in the relevant Interest Period;

"**d<sub>0</sub>**" is the number of Banking Days in the relevant Interest Period;

"**i**" is a series of whole numbers from one to **d<sub>0</sub>**, each representing the relevant Banking Day in chronological order from, and including, the first Banking Day in the relevant Interest Period;

"**n<sub>i</sub>**", for any day "**i**", means the number of calendar days from and including such day "**i**" up to but excluding the following Banking Day;

"**SONIA<sub>i-5LBD</sub>**" means, in respect of any Banking Day falling in the relevant Interest Period, the Reference Rate for the Banking Day falling five Banking Days prior to the relevant Banking Day "**i**".

"**Floating Rate of Interest**" means in relation to the Floating Rate Notes, the floating rate of interest as determined by the Agent Bank in accordance with this Notes Condition 4 (*Interest*), **provided that**, where the Floating Rate of Interest applicable to any Class of Notes for any Interest Period is determined to be less than zero, the Floating Rate of Interest for such Interest Period shall be zero.

"**Interest Determination Date**" means the fifth Banking Day before the Interest Payment Date for which the Floating Rate of Interest to be determined on such date will apply.

"**Observation Period**" means the period from and including the date falling five Banking Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Issue Date) and ending on, but excluding, the date falling five Banking Days prior to the Interest Payment Date for such Interest Period (or, if applicable, the date falling five Banking Days prior to any other date on which a payment of interest is to be made in respect of the Notes).

"**Reference Rate**" means, in respect of any Banking Day, a reference rate equal to the daily Sterling Overnight Index Average ("**SONIA**") rate for such Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Reference Screen or, if the Reference Screen is unavailable, as otherwise published by such authorised distributors (on the Banking Day immediately following such Banking Day).

If, in respect of any Banking Day in the relevant Observation Period, the Agent Bank determines that the Reference Rate is not available on the Reference Screen or has not otherwise been published by the relevant authorised distributors, such Reference Rate shall be: (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of

business on the relevant Banking Day; plus (ii) the mean of the spread of the Reference Rate to the Bank Rate over the previous five days on which a Reference Rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate.

**"Reference Screen"** means the Reuters Screen SONIA Page (or such replacement page on that service which displays the relevant information) or, if that service ceases to display the information, such other screen service as may be determined by the Issuer.

**"Relevant Margin"** shall be:

on any Interest Determination Date occurring prior to the Step-Up Date:

- (a) 1.4 per cent. per annum for the A Notes;
- (b) 2 per cent. per annum for the B Notes;
- (c) 2.4 per cent. per annum for the C Notes;
- (d) 2.8 per cent. per annum for the D Notes;
- (e) 3.75 per cent. per annum for the E Notes;
- (f) 4.5 per cent. per annum for the F Notes;
- (g) 6 per cent. per annum for the G Notes;
- (h) 4.2 per cent. per annum for the X Notes; and
- (i) 4.75 per cent. per annum for the Z Notes.

On any Interest Determination Date occurring on and after the Step-Up Date:

- (a) 2.4 per cent. per annum for the A Notes;
- (b) 3 per cent. per annum for the B Notes;
- (c) 3.4 per cent. per annum for the C Notes;
- (d) 3.8 per cent. per annum for the D Notes;
- (e) 4.75 per cent. per annum for the E Notes;
- (f) 5.5 per cent. per annum for the F Notes;
- (g) 7 per cent. per annum for the G Notes;
- (h) N/A per cent. per annum for the X Notes; and
- (i) N/A per cent. per annum for the Z Notes.

(d) ***Determination of Floating Rates of Interest and Calculation of Interest Amount***

- (i) The Agent Bank shall, on each Interest Determination Date, determine and notify the Issuer, the Servicer, the Cash Administrator, the Trustee, Euronext Dublin/Listing Agent and the Paying Agents of (a) the Floating Rate of Interest applicable to the relevant Interest Period in respect of each Floating Rate Note and (b) the amount of interest (the **"Interest Amount"**) payable in respect of each Note for such Interest Period.
- (ii) The Interest Amount for all Notes will be calculated by applying the relevant Rate of Interest for such Interest Period to the Principal Amount Outstanding of such

Note on the first day of such Interest Period (after taking into account any redemptions occurring in respect of such Notes on such Interest Payment Date), multiplying the product by the actual number of days in such Interest Period divided by 365 (or, if any portion of such Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion divided by 366 and (B) the actual number of days in the remainder of such Interest Period divided by 365) and rounding the resulting figure down to the nearest penny.

(e) ***Publication of Floating Rate of Interest, Interest Amount and other Notices***

The Agent Bank will cause the Floating Rate of Interest and the Interest Amount in respect of each Note for each Interest Period and the immediately succeeding Interest Payment Date to be notified to the Issuer, the Trustee, the Cash Administrator, each of the Paying Agents, any stock exchange on which the Notes are then listed and, so long as the Notes are in Global Form, each of Euroclear and Clearstream, Luxembourg and will cause notice thereof to be given to the Noteholders in accordance with Notes Condition 13 (*Notice to Noteholders*). The Floating Rate of Interest, Interest Amount and Interest Payment Date in respect of each Note 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. If the Notes become due and payable under Notes Condition 9 (*Events of Default*), the accrued interest per Interest Amount and the Floating Rate of Interest payable in respect of each Note shall nevertheless continue to be calculated as previously by the Agent Bank in accordance with this Notes Condition 4 (*Interest*) but no publication of the Rates of Interest or the amounts of interest payable per Interest Amount so calculated need be made unless the Trustee otherwise requires.

(f) ***Notifications to be Final and Binding***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Notes Condition 4 (*Interest*), whether by the Agent Bank or the Cash Administrator or the Trustee shall (in the absence of manifest error) be final and binding on the Issuer, the Cash Administrator, the Agent Bank, the Trustee and all Noteholders and (in the absence of gross negligence, wilful default or fraud) no liability to the Trustee or the Noteholders shall attach to the Issuer, to 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 under this Notes Condition 4 (*Interest*).

(g) ***Agent Bank***

The Issuer shall ensure that, so long as any of the Notes remains outstanding, there shall at all times be an Agent Bank. The initial Agent Bank shall be Citibank, N.A. London Branch. In the event of Citibank, N.A. London Branch 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.

(h) ***Deferral of Interest***

Interest on the Notes shall be payable in accordance with this Notes Condition 4 (*Interest*) and Notes Condition 6 (*Payments*) subject to the following terms of this Notes Condition 4(h):

- (i) in the event that, whilst there are A Notes outstanding, the Available Revenue Funds (if any) calculated in accordance with the Pre-Enforcement Revenue Priority of Payments as being available to the Issuer on any Interest Payment Date for application in or towards the payment of interest which is, subject to this Notes Condition 4(h), due on the B Notes on such Interest Payment Date (such aggregate available funds being referred to in this Notes Condition 4(h) as the "**B Residual Amount**") are not sufficient to satisfy in full the aggregate amount of interest which is, subject to this Notes Condition 4(h), due on the B Notes on such Interest



Payment Date, the amount payable to the B Noteholders on such Interest Payment Date, by way of interest on each B Note, shall be a *pro rata* share of the B Residual Amount;

- (ii) in the event that, whilst there are A Notes and/or B Notes outstanding, the Available Revenue Funds (if any) calculated in accordance with the Pre-Enforcement Revenue Priority of Payments as being available to the Issuer on any Interest Payment Date for application in or towards the payment of interest which is, subject to this Notes Condition 4(h), due on the C Notes on any such Interest Payment Date (such aggregate available funds being referred to in this Notes Condition 4(h) as the "**C Residual Amount**") are not sufficient to satisfy in full the aggregate amount of interest which is, subject to this Notes Condition 4(h), due on the C Notes on such Interest Payment Date, the amount payable to the C Noteholders on such Interest Payment Date, by way of interest on each C Note, shall be a *pro rata* share of the C Residual Amount;
- (iii) in the event that, whilst there are A Notes, B Notes and/or C Notes outstanding, the Available Revenue Funds (if any) calculated in accordance with the Pre-Enforcement Revenue Priority of Payments as being available to the Issuer on any Interest Payment Date for application in or towards the payment of interest which is, subject to this Notes Condition 4(h), due on the D Notes on any such Interest Payment Date (such aggregate available funds being referred to in this Notes Condition 4(h) as the "**D Residual Amount**") are not sufficient to satisfy in full the aggregate amount of interest which is, subject to this Notes Condition 4(h), due on the D Notes on such Interest Payment Date, the amount payable to the D Noteholders on such Interest Payment Date, by way of interest on each D Note, shall be a *pro rata* share of the D Residual Amount;
- (iv) in the event that, whilst there are A Notes, B Notes, C Notes and/or D Notes outstanding, the Available Revenue Funds (if any) calculated in accordance with the Pre-Enforcement Revenue Priority of Payments as being available to the Issuer on any Interest Payment Date for application in or towards the payment of interest which is, subject to this Notes Condition 4(h), due on the E Notes on any such Interest Payment Date (such aggregate available funds being referred to in this Notes Condition 4(h) as the "**E Residual Amount**") are not sufficient to satisfy in full the aggregate amount of interest which is subject to this Notes Condition 4(h), due on the E Notes on such Interest Payment Date, the amount payable to the E Noteholders on such Interest Payment Date, by way of interest on each E Note, shall be a *pro rata* share of the E Residual Amount;
- (v) in the event that, whilst there are A Notes, B Notes, C Notes, D Notes and/or E Notes outstanding, the Available Revenue Funds (if any) calculated in accordance with the Pre-Enforcement Revenue Priority of Payments as being available to the Issuer on any Interest Payment Date for application in or towards the payment of interest which is, subject to this Notes Condition 4(h), due on the F Notes on any such Interest Payment Date (such aggregate available funds being referred to in this Notes Condition 4(h) as the "**F Residual Amount**") are not sufficient to satisfy in full the aggregate amount of interest which is subject to this Notes Condition 4(h), due on the F Notes on such Interest Payment Date, the amount payable to the F Noteholders on such Interest Payment Date, by way of interest on each F Note, shall be a *pro rata* share of the F Residual Amount;
- (vi) in the event that, whilst there are A Notes, B Notes, C Notes, D Notes, E Notes and/or F Notes outstanding, the Available Revenue Funds (if any) calculated in accordance with the Pre-Enforcement Revenue Priority of Payments as being available to the Issuer on any Interest Payment Date for application in or towards the payment of interest which is, subject to this Notes Condition 4(h), due on the G Notes on any such Interest Payment Date (such aggregate available funds being referred to in this Notes Condition 4(h) as the "**G Residual Amount**") are not sufficient to satisfy in full the aggregate amount of interest which is subject to this Notes Condition 4(h), due on the G Notes on such Interest Payment Date, the

amount payable to the G Noteholders on such Interest Payment Date, by way of interest on each G Note, shall be a *pro rata* share of the G Residual Amount;

- (vii) in the event that, whilst there are A Notes, B Notes, C Notes, D Notes, E Notes and/or F Notes outstanding, the Available Revenue Funds (if any) calculated in accordance with the Pre-Enforcement Revenue Priority of Payments as being available to the Issuer on any Interest Payment Date for application in or towards the payment of interest which is, subject to this Notes Condition 4(h), due on the X Notes on any such Interest Payment Date (such aggregate available funds being referred to in this Notes Condition 4(h) as the "**X Residual Amount**") are not sufficient to satisfy in full the aggregate amount of interest which is, subject to this Notes Condition 4(h), due on the X Notes on such Interest Payment Date, the amount payable to the X Noteholders on such Interest Payment Date, by way of interest on each X Note, shall be a *pro rata* share of the X Residual Amount; and
- (viii) in the event that, whilst there are A Notes, B Notes, C Notes, D Notes, E Notes, F Notes and/or X Notes outstanding, the Available Revenue Funds (if any) calculated in accordance with the Pre-Enforcement Revenue Priority of Payments as being available to the Issuer on any Interest Payment Date for application in or towards the payment of interest which is, subject to this Notes Condition 4(h), due on the Z Notes on any such Interest Payment Date (such aggregate available funds being referred to in this Notes Condition 4(h) as the "**Z Residual Amount**") are not sufficient to satisfy in full the aggregate amount of interest which is, subject to this Notes Condition 4(h), due on the Z Notes on such Interest Payment Date, the amount payable to the Z Noteholders on such Interest Payment Date, by way of interest on each Z Note, shall be a *pro rata* share of the Z Residual Amount.

In the event that, by virtue of the provisions of paragraphs (i) to (viii) above, a *pro rata* share of the B Residual Amount, the C Residual Amount, the D Residual Amount, the E Residual Amount, the F Residual Amount, the G Residual Amount, the X Residual Amount or the Z Residual Amount is paid in accordance with this Notes Condition 4(h), the Issuer shall create provisions in its accounts for the shortfall equal to the amount by which the amount of interest paid on the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes, the X Notes or the Z Notes, as the case may be, on any Interest Payment Date in accordance with this Notes Condition 4(h) falls short of the aggregate amount of interest payable on the relevant class of Notes but for this Notes Condition 4(h). Such shortfall (the "**Interest Shortfall**") shall accrue interest ("**Additional Interest**") at a rate for each Interest Period during which it is outstanding equal to the relevant Rate of Interest for the relevant class of Notes for such Interest Period. Payment of any Additional Interest will also be deferred until the first Interest Payment Date thereafter on which funds are available (after allowing for the Issuer's liabilities of a higher priority in accordance with the Pre-Enforcement Priority of Payments, subject to and in accordance with these Conditions) to the Issuer to pay such Additional Interest, when the Additional Interest will be paid to the extent of such available funds. This provision shall cease to apply on the Interest Payment Date referred to in Notes Condition 5(a) (*Final Redemption of the Notes*) at which time all accrued interest shall become due and payable or any other Interest Payment Date on which the Notes are redeemed in full.

The non-payment of any deferred interest on any Class of Notes will not be an Event of Default unless and until such Notes are the Most Senior Class at the time of such non-payment.

## 5. **Redemption**

### (a) ***Final Redemption of the Notes***

Unless previously redeemed or purchased and cancelled as provided in this Notes Condition 5 (*Redemption*), the Issuer shall, subject always to the Pre-Enforcement Priority of Payments and Notes Conditions 5(c) (*Note Principal Payments, Principal Amount Outstanding and Pool Factor*) and 10(b) (*Limited Recourse*), redeem (i) the A Notes at their Principal Amount Outstanding, together with accrued and unpaid interest, on the

Interest Payment Date falling in December 2056, (ii) the B Notes at their Principal Amount Outstanding, together with accrued and unpaid interest, on the Interest Payment Date falling in December 2056, (iii) the C Notes at their Principal Amount Outstanding, together with accrued and unpaid interest, on the Interest Payment Date falling in December 2056, (iv) the D Notes at their Principal Amount Outstanding, together with accrued and unpaid interest, on the Interest Payment Date falling in December 2056, (v) the E Notes at their Principal Amount Outstanding, together with accrued and unpaid interest, on the Interest Payment Date falling in December 2056, (vi) the F Notes at their Principal Amount Outstanding, together with accrued and unpaid interest, on the Interest Payment Date falling in December 2056, (vii) the G Notes at their Principal Amount Outstanding, together with accrued and unpaid interest, on the Interest Payment Date falling in December 2056, (viii) the Z Notes at their Principal Amount Outstanding, together with accrued and unpaid interest, on the Interest Payment Date falling in December 2056, (ix) the X Notes at their Principal Amount Outstanding together with accrued and unpaid interest, on the Interest Payment Date falling in December 2056, and (x) towards making payments in respect of the Certificates on the Interest Payment Date falling in December 2056, **provided that**, after (a) the date on which the Trustee serves an Enforcement Notice on the Issuer pursuant to Notes Condition 9 (*Events of Default*) declaring the Notes to be due and repayable or (b) the occurrence of a Redemption Event, the Notes shall be redeemed and payments shall be made in respect of the Certificates out of available residual amounts pursuant to the Post-Enforcement Priority of Payments.

The Issuer may not redeem the Notes in whole or in part prior to such relevant date except as provided in paragraph (b), (d), (e) or (f) below of this Notes Condition 5 but without prejudice to Notes Condition 9 (*Events of Default*).

(b) ***Mandatory Redemption of the Notes***

Prior to (i) the service of an Enforcement Notice or (ii) the occurrence of a Redemption Event, on each Interest Payment Date, other than the Interest Payment Date on which the Notes are to be redeemed under paragraph (a) above or paragraph (d), (e) or (f) below, the Issuer or the Cash Administrator on the Issuer's behalf shall apply an amount equal to the Available Principal Funds (as defined below) as at the date which falls two Business Days prior to such Interest Payment Date (each such date a "**Determination Date**") in making the following redemptions in the following priority (the "**Pre-Enforcement Principal Priority of Payments**"):

- (i) *first*, on any Interest Payment Date prior to the Initial LRF Funding Date, amounts to be credited to the Liquidity Reserve Fund Ledger, up to the Liquidity Reserve Fund Required Amount;
- (ii) *second*, following the application of amounts standing to the credit of the General Reserve Fund and the Liquidity Reserve Fund, amounts to be utilised as Principal Addition Amounts to the extent there will be a Further Revenue Shortfall;
- (iii) *third*, in redeeming the A Notes on a *pari passu* and *pro rata* basis until the Interest Payment Date on which the A Notes have been redeemed in full;
- (iv) *fourth*, after the A Notes have been redeemed in full, in redeeming the B Notes on a *pari passu* and *pro rata* basis until the Interest Payment Date on which the B Notes have been redeemed in full;
- (v) *fifth*, after the A Notes and the B Notes have been redeemed in full, in redeeming the C Notes on a *pari passu* and *pro rata* basis until the Interest Payment Date on which the C Notes have been redeemed in full;
- (vi) *sixth*, after the A Notes, the B Notes and the C Notes have been redeemed in full, in redeeming the D Notes on a *pari passu* and *pro rata* basis until the Interest Payment Date on which the D Notes have been redeemed in full;

- (vii) *seventh*, after the A Notes, the B Notes, the C Notes and the D Notes have been redeemed in full, in redeeming the E Notes on a *pari passu* and *pro rata* basis until the Interest Payment Date on which the E Notes have been redeemed in full;
- (viii) *eighth*, after the A Notes, the B Notes, the C Notes, the D Notes and the E Notes have been redeemed in full, in redeeming the F Notes on a *pari passu* and *pro rata* basis until the Interest Payment Date on which the F Notes have been redeemed in full;
- (ix) *ninth*, after the A Notes, the B Notes, the C Notes, the D Notes, the E Notes and the F Notes have been redeemed in full, in redeeming the G Notes on a *pari passu* and *pro rata* basis until the Interest Payment Date on which the G Notes have been redeemed in full; and
- (x) *tenth*, after the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes and the G Notes have been redeemed in full, excess funds to be used to pay any remaining amounts *pro rata* and *pari passu* to the holders of the Certificates.

The Cash Administrator is responsible, pursuant to the Cash Administration Agreement, for determining the amount of the Available Principal Funds as at any Determination Date on the basis of the information provided in the Servicer Report and each determination so made shall (in the absence of manifest error) be final and binding on the Issuer, the Servicer, the Trustee and all Noteholders, and no liability to the Noteholders, shall attach to the Issuer, the Trustee or (in the absence of gross negligence, wilful default or fraud) to the Cash Administrator in connection therewith.

The amount of "**Available Principal Funds**" as at any Determination Date is an amount calculated by the Cash Administrator on a Determination Date as the aggregate of:

- (i) the Principal Collections received for the preceding Determination Period;
- (ii) the proceeds of any Authorised Investments attributable to Principal Collections for the Determination Period immediately preceding the relevant Determination Date;
- (iii) any Liquidity Reserve Fund Excess Amounts;
- (iv) the amount (if any) calculated on that Determination Date pursuant to the Pre-Enforcement Revenue Priority of Payments to be the amount by which the debit balance on any of the Principal Deficiency Ledgers is expected to be reduced by the application of the Available Revenue Funds on the immediately succeeding Interest Payment Date, excluding any Third Party Amounts allocable to principal;
- (v) Available Revenue Funds that would otherwise be paid to the Certificates from and after the Option Date;
- (vi) following the service of an Enforcement Notice, all amounts standing to the credit of the Liquidity Reserve Fund (if any); and
- (vii) amounts calculated on a Determination Date after the Mortgage Pool Option Date to be Additional Available Principal Funds,

but excluding any Third Party Amounts allocable to principal.

The amount if any by which the total issuance of the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes and the G Notes exceeds the sum of (i) the consideration payable by the Issuer in respect of the sale of the Loans and Collateral Security (including any Additional Loans up to and including the Final Additional Loan Purchase Date); and (ii) any amounts standing to the credit of the Pre-Funding Principal Reserve Ledger on the Final Additional Loan Purchase Date (taking into account any

debits made on that ledger on such date), will be made part of the Available Principal Funds on the first Interest Payment Date.

The amount standing to the credit of the Pre-Funding Principal Reserve Ledger as at the Final Additional Loan Purchase Date (taking into account any debits made on that ledger on such date) shall be applied *pro rata* in redemption of the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes and the G Notes on the first Interest Payment Date.

The "**Principal Collections**" as at any Determination Date is an amount determined by the Cash Administrator on such Determination Date or is the aggregate of:

- (i) all repayments or prepayments of principal received by the Issuer in relation to the Loans in respect of the Determination Period ending on or immediately prior to such Determination Date (but excluding any Mortgage Early Redemption Amounts);
  - (ii) recoveries received by the Issuer and allocable to principal upon an enforcement of the Collateral Security, and recoveries received by the Issuer and allocable to principal upon a purchase or a repurchase of the Loans by the Seller (or any of its affiliates) in accordance with the terms of the Mortgage Sale Agreement in each case received by the Issuer in the Determination Period preceding such Determination Date; and
  - (iii) proceeds from any Insurance Contracts allocable to principal.
- (c) ***Note Principal Payments, Principal Amount Outstanding and Pool Factor***

With respect to each Note on (or as soon as practicable after) each Determination Date, the Issuer shall determine (or cause the Cash Administrator to determine) (i) the amount of any principal amount due on the Interest Payment Date next following such Determination Date (a "**Note Principal Payment**"), (ii) the principal amount outstanding of each such Note of such Class on the Interest Payment Date next following such Determination Date (after deducting any Note Principal Payment due to be made on that Interest Payment Date) (the "**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 a Note of that Class (as referred to in (ii) above) and the denominator is 100,000. Each determination by or on behalf of the Issuer of any Note Principal Payment, the Principal Amount Outstanding of a Note and the Pool Factor shall in each case (in the absence of manifest error) be final and binding on all persons.

With respect to each of the Classes of Notes, the Issuer will cause each determination of a Note Principal Payment, Principal Amount Outstanding and Pool Factor to be notified forthwith to the Trustee, the Paying Agents, the Agent Bank and (for so long as the 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 Notes Condition 13 (*Notice to Noteholders*) by not later than two Business Days prior to the relevant Interest Payment Date. If no Note Principal Payment is due to be made on the Notes of any Class on any Interest Payment Date a notice to this effect will be given to the Noteholders.

- (d) ***Optional Redemption in Full at the Direction of the Mortgage Pool Option Holder***

- (i) **Provided that:**
  - (A) at the direction of the Mortgage Pool Option Holder, the Issuer delivers to the Trustee a certificate signed by two directors of the Issuer stating that it will on the date for redemption have the necessary funds from a sale of the Charged Property pursuant to the Deed Poll (together with any amounts then standing to the credit of the Bank Accounts and any other funds available to the Issuer) as would be required to (I) redeem all of the Notes then outstanding in full together with accrued and unpaid

interest on such Notes, (II) pay amounts required under the Post-Enforcement Priority of Payments to be paid in priority to or *pari passu* with the Notes on such Interest Payment Date; and (III) pay any other costs associated with the exercise of the optional call; and

- (B) on or prior to the Interest Payment Date on which the relevant notice of optional redemption expires, no Enforcement Notice has been served following an Event of Default,

the Issuer may redeem the Notes in whole, but not in part, on any Interest Payment Date on or after the Mortgage Pool Option Date, on giving not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Notes Condition 13 (*Notice to Noteholders*) (which notice shall be irrevocable) (the "**notice of optional redemption**");

(ii) **Provided that:**

- (A) the aggregate Principal Amount Outstanding of the Senior Notes is less than or equal to 20 per cent. of the aggregate Principal Amount Outstanding of the Senior Notes upon issue;
- (B) at the direction of the Mortgage Pool Option Holder, the Issuer delivers to the Trustee a certificate signed by two directors of the Issuer stating that it will on the date for redemption have the necessary funds from a sale of the Charged Property to the holders of the Certificates (together with any amounts then standing to the credit of the Bank Accounts and any other funds available to the Issuer) required to (I) redeem all of the Notes then outstanding in full together with accrued and unpaid interest on such Notes, (II) pay amounts required under the Post-Enforcement Priority of Payments to be paid in priority to or *pari passu* with the Notes on such Interest Payment Date; and (III) pay any other costs associated with the exercise of the optional call; and
- (C) on or prior to the Interest Payment Date on which such notice expires, no Enforcement Notice has been served following an Event of Default,

the Issuer may redeem the Notes in whole, but not in part, on any Interest Payment Date, on giving not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Notes Condition 13 (*Notice to Noteholders*) (which notice shall be irrevocable).

- (iii) In the event the Mortgage Pool Option Holder fails to exercise the Mortgage Pool Option on or before the Interest Period immediately succeeding the Interest Payment Date occurring after the Mortgage Pool Option Date, the Seller shall undertake to use reasonable endeavours to appoint a third party liquidation agent, which shall be an independent adviser of recognised standing (a "**Liquidation Agent**"), as agent of the Issuer, as soon as practically possible thereafter, who will seek offers from third parties to purchase and accept transfer, assignment and/or assignation of the Mortgage Pool and its Collateral Security (a "**Market Portfolio Sale**") for a purchase price which is at least equal to the Market Sale Minimum Price. Any such Market Portfolio Sale shall be carried out in compliance with the terms of the Deed Poll and the Mortgage Sale Agreement, including compliance with the Portfolio Auction Conditions.
- (iv) Any Note redeemed pursuant to this Notes Condition 5(d) will be redeemed at an amount equal to the Principal Amount Outstanding of the relevant Note to be redeemed with accrued (and unpaid) interest on the Principal Amount Outstanding of the relevant Note up to but excluding the date of redemption.

(e) ***Optional Redemption in Full Following the Exercise of a Risk Retention Regulatory Change Option***

(i) **Provided that:**

(A) following the exercise of the Risk Retention Regulatory Change Option by the Risk Retention Regulatory Change Option Holder, the Issuer delivers to the Trustee a certificate signed by two directors of the Issuer stating that it will on the date for redemption have the necessary funds from a sale of the Charged Property pursuant to the Risk Retention Regulatory Change Deed Poll together with any amounts then standing to the credit of the Bank Accounts and any other funds available to the Issuer required to (I) redeem all of the Notes then outstanding in full together with accrued and unpaid interest on such Notes, (II) pay amounts required under the Post-Enforcement Priority of Payments to be paid in priority to or *pari passu* with the Notes on such Interest Payment Date; and (III) pay any other costs associated with the exercise of the optional call; and

(B) on or prior to the Interest Payment Date on which such notice expires, no Enforcement Notice has been served following an Event of Default,

the Issuer may redeem the Notes in whole, but not in part, on any Interest Payment Date, on giving not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Notes Condition 13 (*Notice to Noteholders*) (which notice shall be irrevocable).

(ii) Any Note redeemed pursuant to this Notes Condition 5(e) will be redeemed at an amount equal to the Principal Amount Outstanding of the relevant Note to be redeemed with accrued (and unpaid) interest on the Principal Amount Outstanding of the relevant Note up to but excluding the date of redemption.

(f) ***Optional Redemption for Taxation or Other Reasons***

If by reason of a change in or amendment to tax law (or regulation or the application or official interpretation thereof), which change becomes effective on or after the Issue Date, on the next Interest Payment Date, the Issuer or any Paying Agent has or will become obliged to deduct or withhold from any payment of principal or interest on any Class of the Notes (other than because the relevant holder has some connection with the United Kingdom other than the holding of Notes of such Class) 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, then the Issuer shall, if the same would avoid the effect of such relevant event described in this paragraph 5(f), appoint a Paying Agent in another jurisdiction or use its reasonable endeavours to arrange the substitution of a company incorporated and/or tax resident in another jurisdiction as principal debtor under the Notes, **provided that** the Trustee is satisfied that such substitution will not be materially prejudicial to the holders of the Most Senior Class and **provided further that** if any of the taxes referred to in this Notes Condition 5(f) arise in connection with FATCA, the requirement to avoid the effect of any event described above shall not apply.

If the Issuer delivers to the Trustee a certificate signed by two directors of the Issuer (immediately before giving the notice referred to below) stating that one or more of the events described in this paragraph 5(f) is continuing and that the appointment of a Paying Agent or a substitution as referred to above would not avoid the effect of the relevant event or that, having used its reasonable endeavours, the Issuer is unable to arrange such appointment or substitution, then the Issuer may, on any Interest Payment Date and having given not more than 45 nor less than 30 days' notice to the Trustee and Noteholders in accordance with Notes Condition 13 (*Notice to Noteholders*) redeem all (but not some only) of the Notes on the next following Interest Payment Date at their respective Principal

Amount Outstanding together with any interest accrued (and unpaid) thereon up to (but excluding) the date of redemption **provided that** (in either case), prior to giving any such notice, the Issuer shall have provided to the Trustee (i) a certificate signed by two directors of the Issuer stating that one or more of the circumstances referred to in this paragraph 5(f) prevail(s) and setting out details of such circumstances and (ii) an opinion in form and substance satisfactory to the Trustee of independent legal advisers of recognised standing to the effect that the Issuer and any Paying Agent (as the case may be) has or will become obliged to deduct or withhold amounts as a result of such change or amendment. The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the circumstance set out in the paragraph immediately above, in which event they shall be conclusive and binding on the Noteholders.

The Issuer may only redeem the Notes as described above if the Issuer has certified to the Trustee that it will have the necessary funds, not subject to the interests of any other person, required to redeem the Notes as aforesaid and any amounts required under the Pre-Enforcement Revenue Priority of Payments to be paid in priority to or *pari passu* with the Notes outstanding in accordance with the terms and conditions thereof.

(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 Notes at the Principal Amount Outstanding, plus accrued and unpaid interest, of the relevant Note.

The Issuer shall notify the Swap Counterparty upon the occurrence of a Redemption Event.

(h) ***Purchase***

The Issuer shall not purchase any Notes.

(i) ***Cancellation***

All Notes redeemed will be cancelled upon redemption, and may not be resold or re-issued.

6. **Payments**

(a) ***Principal and interest***

Payments of principal and interest shall be made by transfer to an account in Sterling, maintained by the payee with a bank in London and (in the case of final redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Notes at the specified office of any Paying Agent in accordance with the terms of the Agency Agreement.

(b) ***Record date***

Each payment in respect of a Note will be made to the person shown as the Noteholder in the Register at the opening of business in the place of the Registrar's specified office on the day before the due date for such payment (the "**Record Date**"). The person shown in the Register at the opening of business on the relevant Record Date in respect of a Global Note shall be the only person entitled to receive payments in respect of any Note represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, such person in respect of each amount so paid.

(c) ***Payments subject to laws***

All payments are subject in all cases to any applicable laws and regulations in the place of payment or other laws to which the Issuer or the Agents agree to be subject and the Issuer and the Agents will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations or agreements, but without prejudice to the provisions of



Notes Condition 8 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(d) ***Payments on business days***

If the due date for payment of any amount in respect of any Note is not a business day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding business day in such place, and shall not be entitled to any further interest or other payment in respect of such delay. In this paragraph 6(d), "**business day**" means, in respect of any place of presentation, any day on which banks are open for presentation and payment of debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a sterling-denominated account as referred to above, on which dealings in foreign currencies may be carried on both in London and in such place of presentation.

(e) ***Paying Agents***

The initial Paying Agent and its initial specified office is listed below. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, **provided that** it will maintain a Principal Paying Agent.

The initial specified office of the Paying Agent is at:

*Principal Paying Agent*

Citibank, N.A., London Branch

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB

Notice of any change in the Paying Agents or their specified offices will promptly be given to the Trustee and the Noteholders in accordance with Notes Condition 13 (*Notice to Noteholders*).

(f) ***Incorrect Payments***

The Cash Administrator will, from time to time, notify Noteholders in accordance with the terms of Notes Condition 13 (*Notice to Noteholders*) of any over-payment or under-payment of which it has actual notice made on any Interest Payment Date to any party entitled to the same pursuant to the Pre-Enforcement Priority of Payments. Following the giving of such a notice, the Cash Administrator shall rectify such over-payment or under-payment by increasing or, as the case may be decreasing payments to the relevant parties on any subsequent Interest Payment Date or Interest Payment Dates (if applicable) to the extent required to correct the same. Any notice of over-payment or under-payment pursuant to this Notes Condition 6(f) shall contain reasonable details of the amount of the same, the relevant parties and the adjustments to be made to future payments to rectify the same. Neither the Issuer nor the Cash Administrator shall have any liability to any person for making any such correction.

7. **Prescription**

Claims in respect of principal and interest shall become void unless made within a period of 10 years, in the case of principal, and five years, in the case of interest, from the appropriate relevant date on which such sums became due and payable. After the date on which a Note becomes void in its entirety, no claim may be made in respect thereof. In this Notes Condition 7, 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 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 having been duly given to the Noteholders in accordance with Notes Condition 13 (*Notice to Noteholders*).

8. **Taxation**

All payments in respect of the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments 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 Notes subject to any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or charges of whatsoever nature or in connection with FATCA. 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, any other Paying Agent, nor any other person will be obliged to make any additional payments to holders of Notes in respect of such withholding or deduction or in connection with FATCA.

9. **Events of Default**

After any of the following events (each an "**Event of Default**") occurs and is continuing, the Trustee at its discretion may, and if so requested in writing by holders of at least 25 per cent. of the aggregate in Principal Amount Outstanding of the Most Senior Class or if so directed by an Extraordinary Resolution of the Most Senior Class, shall (subject, in each case, to it being indemnified and/or secured and/or pre-funded to its satisfaction) give notice to the Issuer (an "**Enforcement Notice**") that the Notes are, and they shall immediately become, due and payable at their Principal Amount Outstanding together with accrued interest:

- (a) non-payment of interest or principal due and owing in respect of the Most Senior Class of Notes on any Interest Payment Date where such failure continues unremedied for a period of 3 Business Days;
- (b) failure to redeem any Class of Notes (including the payment of any Deferred Interest or any Additional Interest) within 14 calendar days following the Final Maturity Date;
- (c) the Issuer failing duly to perform or observe any other obligation binding upon it under the Notes, or the Trust Deed, as applicable, or any Transaction Documents and, in any such case (except where the Trustee certifies that, such failure is (I) in the opinion of the Trustee, incapable of remedy or (II) in the opinion of the Trustee, capable of remedy but continues unremedied for a period of 30 calendar days (or such longer period as the Trustee may permit)) following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
- (d) the Issuer, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in paragraph (e) 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; or
- (e) 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 Most Senior Class; or
- (f) 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 or filing documents with the court or making an application for the appointment of an administrator or liquidator or serving a notice of intent to appoint an administrator) 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, assignment, assignation or trust for the benefit of its creditors generally; or

- (g) it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Transaction Documents,

**provided that**, in the case of each of the events described in paragraph (c) above, the Trustee shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the holders of the Most Senior Class.

10. **Enforcement of Security, Limited Recourse and Non-Petition**

(a) ***Enforcement of Security***

At any time after an Enforcement Notice has been served, the Trustee may, in its absolute discretion and without further notice, take such proceedings and/or other action or steps against or in relation to the Issuer or any other person as it may think fit to enforce the provisions of the Notes, the Trust Deed, these Notes Conditions and the other Transaction Documents to which it is a party, but it shall not be bound to do so unless:

- (i) it shall have been directed by a notice in writing by holders of Notes outstanding constituting at least 25 per cent. of the aggregate in Principal Amount Outstanding of the Most Senior Class or if so directed by an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes then outstanding; and
- (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

No Noteholder 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.

(b) ***Limited Recourse***

(i) ***Enforcement of Security***

Only the Trustee may enforce the Security over the Charged Property in accordance with, and subject to the terms of, the Deed of Charge and any Scottish Trust Security.

(ii) ***Insufficient Recoveries***

If at any time following:

(A) the occurrence of either:

- (1) the Interest Payment Date falling in December 2056 or any earlier date upon which all of the Notes of each Class are due and payable; or
- (2) the service of an Enforcement Notice; and

(B) Realisation of the Charged Property and application in full of any amounts available to pay amounts due and payable under the Notes in accordance with the applicable Post-Enforcement Priority of Payments,

the proceeds of such Realisation are insufficient, after the same have been allocated in accordance with the applicable Priority of Payments, to pay in full all claims ranking in priority to the Notes and all amounts then due and payable under any Class of Notes then the amount remaining to be paid (after such application

in full of the amounts first referred to in paragraph (B) above) under such Class of Notes (and any Class of Notes junior to that Class of Notes) shall, on the day following such application in full of the amounts referred to in paragraph (B) above, cease to be due and payable by the Issuer.

For the purposes of this Notes Condition 10:

**"Realisation"** means, in relation to any Charged Property, the deriving, to the fullest extent practicable, (in accordance with the provisions of the Transaction Documents) of proceeds from or in respect of such Charged Property including (without limitation) through sale or through performance by an obligor.

**"Charged Property"** means the property of the Issuer which is subject to the Security.

(iii) *Noteholder Acknowledgments*

Each Noteholder, by subscribing for or purchasing Notes, is deemed to accept and acknowledge that:

- (A) in the event of realisation or enforcement of the Charged Property, its right to obtain payment of interest and repayment of principal on the Notes in full is limited to recourse against the undertaking, property and assets of the Issuer comprised in the Charged Property;
- (B) the Issuer will have duly and entirely fulfilled its payment obligations by making available to such Noteholder its proportion of the proceeds of realisation or enforcement of the Charged Property in accordance with the Post-Enforcement Priority of Payments and all claims in respect of any shortfall will be extinguished and discharged; and
- (C) in the event that a shortfall in the amount available to pay principal of the Notes of a Class exists on the Final Maturity Date or on any earlier date for redemption in full of the Notes or any Class of Notes, after payment on the Final Maturity Date or such date of earlier redemption of all other claims ranking higher in priority to or *pari passu* with the Notes or the related Class of Notes, and the Charged Property has not become enforceable as at the Final Maturity Date or such date of earlier redemption, the liability of the Issuer to make any payment in respect of such shortfall will cease and all claims in respect of such shortfall will be extinguished.

(c) *Non-Petition*

No Noteholder may take any corporate action or other steps or legal proceedings for the winding-up, dissolution, arrangement, reconstruction or reorganisation of the Issuer.

11. **Meetings of Noteholders; Modifications; Consents; Waiver**

- (a) The Trust Deed contains provisions for convening separate or combined meetings of the Noteholders of any Class to consider matters relating to the Notes, including subject to paragraph (e) below the sanctioning by Extraordinary Resolution of a modification of any of these Notes Conditions or any provisions of the other Transaction Documents.

The Trust Deed provides that a resolution in writing signed by all of the holders of a particular Class or Classes of Notes by a majority consisting of not less than 50.1 per cent. by Principal Amount Outstanding of such Class or Classes of Notes shall for all purposes be as valid and effective as an Ordinary Resolution passed at a meeting of the Noteholders of such Class duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more of the Noteholders of such Class or Classes.

The Trust Deed provides that a resolution in writing signed by all of the holders of at least 75 per cent. by Principal Amount Outstanding of the relevant Class or Classes of Notes shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of the Noteholders of such Class or Classes duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more of the Noteholders of such Class or Classes.

- (b) Any Extraordinary Resolution or an Ordinary Resolution duly passed by a meeting of the Noteholders of a particular Class or Classes shall be binding on all Noteholders of such Class or Classes (whether or not they were present at the meeting at which such resolution was passed and whether or not voting).

An Extraordinary Resolution passed at a meeting of the holders of the Most Senior Class shall be binding on the holders of all other Classes of Notes irrespective of the effect on them, except an Extraordinary Resolution of the holders of the Most Senior Class to sanction a Notes Basic Terms Modification, which shall not take effect unless it has also been sanctioned by an Extraordinary Resolution of the holders of each other Class of Notes affected and by a Certificates Extraordinary Resolution of the Certificateholders (if affected).

No Extraordinary Resolution of any Class to approve any matter other than a Notes Basic Terms Modification shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other Classes of Notes then outstanding ranking senior to such Class (to the extent that there are Notes ranking senior to such Class of Notes) unless, the Trustee is of the opinion that it will not be materially prejudicial to the interests of the holders of any Most Senior Class of Notes or it is sanctioned by an Extraordinary Resolution of the holders of such Most Senior Class of Notes. Except in certain circumstances the Trust Deed imposes no such limitations on the powers of the holders of any Class of Notes the exercise of which will be binding on themselves and any junior Class of Notes, irrespective of the effect on their interests.

The Trust Deed provides that:

- (i) meetings of Noteholders of separate Classes may be held at the same time;
- (ii) meetings of Noteholders of separate Classes will normally be held separately, but the Trustee may from time to time determine that meetings of Noteholders of separate Classes shall be held together;
- (iii) an Ordinary Resolution or an Extraordinary Resolution that in the opinion of the Trustee affects one Class alone shall be deemed to have been duly passed if passed at a separate meeting of the Noteholders of the Class concerned;
- (iv) an Extraordinary Resolution that in the opinion of the Trustee affects the Noteholders of more than one Class but does not give rise to a conflict of interest between the Noteholders of the different Classes concerned shall be deemed to have been duly passed if passed at a single meeting of the Noteholders of the relevant Classes;
- (v) subject to paragraph (vi) below, an Extraordinary Resolution that in the opinion of the Trustee affects the Noteholders of more than one Class and gives or may give rise to a conflict of interest between the Noteholders of the different Classes concerned shall be deemed to have been duly passed only if it shall be duly passed at separate meetings of the Noteholders of each of the relevant Classes **provided always that** an Extraordinary Resolution passed at a meeting of the holders of the Most Senior Class shall be binding on the holders of all other Classes of Notes irrespective of the effect on them, except an Extraordinary Resolution of the holders of the Most Senior Class to sanction a Notes Basic Terms Modification, which shall not take effect unless it has also been sanctioned by an Extraordinary

Resolution of the holders of each other Class of Notes affected and by a Certificates Extraordinary Resolution of the Certificateholders (if affected); and

- (vi) if a poll is called at a meeting of a Class of Noteholders, the number of votes which can be cast by each person present shall be proportionate to the Principal Amount Outstanding of the Notes of such Class that such person holds or represents at that meeting.

(c) ***Negative consent***

In relation to an Extraordinary Resolution (other than an Extraordinary Resolution relating to a Notes Basic Terms Modification) or an Ordinary Resolution of the Noteholders of any Class of Noteholders, such Extraordinary Resolution or Ordinary Resolution is duly passed and shall be binding on all of the Noteholders or the Noteholders of such Class in accordance with its terms where:

- (i) notice of such Extraordinary Resolution or Ordinary Resolution, as applicable, (including the full text of the same) has been given by the Issuer or the Trustee, to the Noteholders or the Noteholders of such Class in accordance with the provisions of Notes Condition 13 (*Notice to Noteholders*);
- (ii) such notice contains a statement requiring such Noteholders to inform the Trustee via the Clearing Systems in writing if they object to such Extraordinary Resolution or Ordinary Resolution, stating that unless holders of (i) in the case of an Extraordinary Resolution, 10 per cent. or more in aggregate Principal Amount Outstanding of the Notes or the Notes of such Class; or (ii) in the case of an Ordinary Resolution, 15 per cent. or more in aggregate Principal Amount Outstanding of the Notes or the Notes of such Class, makes such objection, the Extraordinary Resolution (other than an Extraordinary Resolution relating to a Notes Basic Terms Modification) or Ordinary Resolution will be deemed to be passed by the Noteholders or the Noteholders of such Class and specifying the requirements for the making of such objections (including addresses, email addresses and deadlines) further as set out in the following paragraph; and
- (iii) holders of (i) in the case of an Extraordinary Resolution, 10 per cent. or more in aggregate Principal Amount Outstanding of the Notes or the Notes of such Class or (ii) in the case of an Ordinary Resolution, 15 per cent. or more in aggregate Principal Amount Outstanding of the Notes or the Notes of such Class, have not informed the Trustee via the Clearing Systems in writing of their objection to such Extraordinary Resolution or Ordinary Resolution within 40 days of the date of the relevant notice.

Upon the Trustee receiving objections from Noteholders of 10 per cent. or more (in the case of an Extraordinary Resolution) or 15 per cent. or more (in the case of an Ordinary Resolution) in aggregate of the Principal Amount Outstanding of the Notes of the relevant Class or Classes, the Trustee shall give notice to the relevant Class or Classes of Noteholders in accordance with the provisions of Notes Condition 13 (*Notice to Noteholders*) that the relevant Extraordinary Resolution or the Ordinary Resolution (as the case may be) has not passed. In such circumstance, a meeting of Noteholders may be called in accordance with the provisions of this Notes Condition 11 in order to pass the relevant Extraordinary Resolution or Ordinary Resolution in accordance with the provisions of this Notes Condition 11.

(d) ***Quorum***

The quorum at any meeting of Noteholders of a particular Class for passing:

- (i) an Extraordinary Resolution to approve a Notes Basic Terms Modification, shall be two or more persons holding Notes or representing Noteholders holding Notes of in aggregate not less than (x) 75 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes for the initial meeting or (y) more than 50 per

cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes for the adjourned meeting;

- (ii) an Extraordinary Resolution to approve any matter other than a Notes Basic Terms Modification, shall be two or more persons holding Notes or representing Noteholders holding Notes of in aggregate not less than (x) more than 50 per cent. of the Principal Amount Outstanding of the Notes of such Class or (y) 25 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes for the adjourned meeting; and
- (iii) an Ordinary Resolution, shall be two or more persons holding Notes or representing Noteholders holding Notes of in aggregate not less than (x) 25 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes for the initial meeting and (y) 10 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes for the adjourned meeting.

Subject to the provisions of the Trust Deed, the holder of the Global Note shall be treated as two Noteholders for the purposes of constituting a quorum for the purposes of meeting the quorum requirements of a meeting of Noteholders.

(e) ***Modification and Waiver***

The Trustee may agree, without the consent or sanction of any of, or any liability to, the Noteholders, to:

- (i) (I) any modification of any of the provisions of the Trust Deed, the Conditions or any of the other Transaction Documents which is, in its opinion, of a formal, minor or technical nature or is made to correct a manifest error, and (II) any other modification (excluding a Notes Basic Terms Modification), and any waiver or authorisation of any breach or proposed breach of the Notes of such Class, of any of the provisions of the Trust Deed, the Conditions or any of the other Transaction Documents which is in the opinion of the Trustee not materially prejudicial to the interests of the holders of the Most Senior Class (other than any holders of the Most Senior Class who have confirmed their consent in writing to the relevant modification, waiver or authorisation) provided that, in respect of any modification of, or in connection with, the Deed Poll and the Mortgage Pool Option or Risk Retention Regulatory Change Deed Poll and the Risk Retention Regulatory Change Option granted therein, the written consent of the Mortgage Pool Option Holder or the Risk Retention Regulatory Change Option Holder respectively has been obtained by the Issuer and provided to the Trustee; or
- (ii) determine that an Event of Default or Potential Event of Default will not be treated as such where in the opinion of the Trustee such waiver, authorisation or determination is not materially prejudicial to the interests of the holders of the Most Senior Class (other than any holders of the Most Senior Class who have confirmed their consent in writing to the relevant waiver, authorisation or determination),

**provided that** in the case of a waiver or authorisation the Trustee will not do so in contravention of an express direction given by an Extraordinary Resolution of holders of the Most Senior Class made pursuant to Notes Condition 9 (*Events of Default*). Any such modification, authorisation, determination or waiver shall be binding on the Noteholders and, if the Trustee so requires, the Issuer will arrange for it to be notified to the Noteholders as soon as practicable.

The prior written consent (or deemed consent) of the Swap Counterparty is required to modify or supplement any provision of the Transaction Documents, the Notes Conditions or the Certificates Conditions if, in the reasonable opinion of the Swap Counterparty, such modification or supplement would materially adversely affect any of the following:

- (i) the amount, timing or priority of any payments or deliveries due to be made by or to the Swap Counterparty under the Notes Conditions, the Certificates Conditions or any Transaction Document;
- (ii) the Issuer's ability to make such payments or deliveries to the Swap Counterparty;
- (iii) the Swap Counterparty's rights in relation to any security (howsoever described, and including as a result of changing the nature or the scope of, or releasing such security) granted by the Issuer in favour of the Trustee on behalf of the Secured Creditors;
- (iv) any amendment to Condition 5 (*Redemption*) of the Notes Conditions or any additional redemption rights in respect of the Notes; or
- (v) Clause 20.1.2 (*Modification*) of the Trust Deed.

The Issuer shall notify in writing the Swap Counterparty and the Trustee of any proposed modification or supplement to any provisions of the Transaction Documents, the Notes Conditions or the Certificate Conditions that may affect any of the items listed in the previous paragraph at least 21 days (exclusive of the day on which the notice is given and of the day that the modification or supplement is intended to be effected) prior to such modification or supplement being effected, notwithstanding any other provision of the Transaction Documents, the Notes Conditions or the Certificate Conditions. The Swap Counterparty may notify the Trustee and the Issuer in writing if, in the Swap Counterparty's reasonable opinion, such modification or supplement would materially adversely affect any of the items listed in the previous paragraph. If the Issuer and the Trustee receives notification (the "**Notification**") from the Swap Counterparty that the Swap Counterparty has determined that the modification and/or supplement would not affect any of the items listed in the previous paragraph or that the Swap Counterparty otherwise consents to such modification and/or supplement, such modification and/or supplement may take effect at any time from and including the date of receipt of the Notification. If the Issuer and the Trustee do not receive any such determination or a Notification by the expiry of such notice period, the Swap Counterparty shall be deemed to have consented to such modification or supplement. If the Swap Counterparty has not received notice in accordance with this paragraph, the proposed modification or supplement shall not be effective.

The Trustee shall be obliged, without any consent or sanction of the Noteholders, the Certificateholders or, subject to the receipt of consent from any of the Secured Creditors party to a Transaction Document being modified or whose ranking in any Priority of Payments is affected, any of the other Secured Creditors, to concur with the Issuer in making any modification (other than in respect of a Notes Basic Terms Modification and a Certificates Basic Terms Modification) to the Notes Conditions, the Certificates Conditions and/or any other Transaction Document to which it is a party or in relation to which it holds security to or enter into any new, supplemental or additional documents that the Issuer considers necessary in order to enable the Issuer to comply with any requirements which apply to it under EMIR, subject to receipt by the Trustee of a certificate issued by (i) the Issuer or (ii) the Servicer on behalf of the Issuer certifying to the Trustee the requested amendments are to be made solely for the purpose of enabling the Issuer to satisfy its requirements under EMIR and have been drafted solely to that effect.

The Trustee shall be obliged, without any consent or sanction of the Noteholders, the Certificateholders or, subject to the receipt of consent from any of the Secured Creditors party to a Transaction Document being modified or whose ranking in any Priority of Payments is affected, any of the other Secured Creditors, to concur with the Issuer in making any modification (other than in respect of a Notes Basic Terms Modification or a Certificates Basic Terms Modification) to the Notes Conditions, the Certificates Conditions and/or any other Transaction Document to which it is a party or in relation to which it holds security to or enter into any new, supplemental or additional documents that the Issuer considers necessary in order to enable the Issuer to comply with any



obligation which applies to it under the Securitisation Regulation, including as a result of the adoption of regulatory or implementing technical standards in relation to the Securitisation Regulation or any other legislation or regulations or official guidance in relation thereto, subject to receipt by the Trustee of a certificate issued by (i) the Issuer or (ii) the Servicer on behalf of the Issuer certifying to the Trustee the requested amendments are to be made solely for the purpose of enabling the Issuer to comply with its obligations that apply to it under the Securitisation Regulation (including as a result of the adoption of regulatory or implementing technical standards in relation to the Securitisation Regulation or any other legislation or regulations or official guidance in relation thereto) and have been drafted solely to that effect.

The Trustee shall be obliged, without any consent or sanction of the Noteholders, the Certificateholders or, subject to the receipt of consent from any of the Secured Creditors party to a Transaction Document being modified or whose ranking in any Priority of Payments is affected, any of the other Secured Creditors, to concur with the Issuer in making any modification (other than in respect of a Notes Basic Terms Modification or Certificates Basic Terms Modification) to the Notes Conditions, the Certificates Conditions and/or any other Transaction Document to which it is a party or in relation to which it holds security to or enter into any new, supplemental or additional documents that the Issuer considers necessary in order to facilitate the appointment of a replacement Servicer appointed by the Issuer in accordance with the terms of the Servicing Agreement, subject to receipt by the Trustee of a certificate issued by (i) the Issuer or (ii) the Servicer Facilitator on behalf of the Issuer certifying to the Trustee the requested amendments are to be made solely for the purpose of facilitating the appointment of a replacement Servicer appointed by the Issuer in accordance with the terms of the Servicing Agreement and have been drafted solely to that effect.

The Trustee shall be obliged, without any consent or sanction of the Noteholders or the Certificateholders or, subject to the receipt of consent from any of the Secured Creditors party to a Transaction Document being modified or whose ranking in any Priority of Payments is affected, any of the other Secured Creditors to concur with the Issuer in making any modification (other than in respect of a Notes Basic Terms Modification or a Certificates Basic Terms Modification) to the Notes Conditions, the Certificates Conditions and/or any other Transaction Document to which it is a party or in relation to which it holds security to or enter into any new, supplemental or additional documents that the Issuer considers necessary in order to facilitate the appointment of a replacement Cash Administrator appointed by the Issuer in accordance with the terms of the Cash Administration Agreement, subject to receipt by the Trustee of a certificate issued by (i) the Issuer or (ii) the Cash Administrator Facilitator on behalf of the Issuer certifying to the Trustee the requested amendments are to be made solely for the purpose of facilitating the appointment of a replacement Cash Administrator appointed by the Issuer in accordance with the terms of the Cash Administration Agreement and have been drafted solely to that effect.

In respect of the amendments effected pursuant to this Notes Condition 11(e), the Trustee shall, in relation only to its obligation to make an amendment related to EMIR, the Securitisation Regulation or any other legislation or regulations or official guidance in relation thereto, a replacement Servicer and/or a replacement Cash Administrator, not consider the impact of such modifications on the interests of any Noteholders or Certificateholders, Secured Creditor or any other person and shall act and rely solely and without further investigation or enquiry on any certificate or evidence provided to it by the Issuer or relevant Transaction Party, as the case may be and shall not be liable to the Noteholders, the Certificateholders, any other Secured Creditors or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of such person.

Any such modifications permitted by this Notes Condition 11(e) shall be binding on the Noteholders, Certificateholders and other Secured Creditors and, unless the Trustee otherwise agrees, the Issuer shall cause such modification to be notified to the Noteholders and Certificateholders as soon as practicable thereafter in accordance with Notes Condition 13 (*Notice to Noteholders*) and Certificates Condition 11 (*Notice to*

*Certificateholders*). So long as the Rated Notes, or any of them, are rated by the Rating Agencies the Issuer shall notify each of the Rating Agencies of any modification made by it in accordance with this Notes Condition 11(e) as soon as reasonably practicable thereafter.

The Trustee shall not be obliged to agree to any modification of the Trust Deed, the Notes Conditions, the Certificates Conditions or any other Transaction Document which (in the sole opinion of the Trustee) would have the effect of: (x) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction; or (y) increasing the obligations or duties, or decreasing the protections or rights of the Trustee in the Transaction Documents, the Trust Deed and/or the Conditions.

(f) ***Modification and Waiver in relation to the Reference Rate***

Notwithstanding the provisions of Notes Condition 11 (*Meetings of Noteholders; Modifications; Consents; Waiver*), the Trustee shall be obliged, without any consent or sanction of the Noteholders or, subject to paragraph (C) below, any of the other Secured Creditors, to concur with the Issuer in making any modification (other than a Notes Basic Terms Modification) to the Trust Deed, the Notes Conditions and/or any other Transaction Document to which it is a party or in relation to which it holds security to or enter into any new, supplemental or additional documents that the Issuer considers necessary in order to:

- (i) change the Reference Rate or the benchmark rate that then applies in respect of the Floating Rate Notes to an alternative benchmark rate (any such rate, an "**Alternative Benchmark Rate**") and make such other amendments as are necessary or advisable in the commercially reasonable judgment of the Issuer (or the Servicer on its behalf) to facilitate such change which, for the avoidance of doubt, may include modifications to when the Floating Rate of Interest applicable to any Class of Floating Rate Notes is calculated and/or notified to Noteholders (a "**Benchmark Rate Modification**") **provided that** the Servicer (on behalf of the Issuer) certifies to the Trustee in writing (such certificate, a "**Benchmark Rate Modification Certificate**") that:
  - (A) such Benchmark Rate Modification is being undertaken as a result of a Benchmark Rate Disruption;
  - (B) such Alternative Benchmark Rate satisfies the Benchmark Rate Eligibility Requirement; and
  - (C) the modifications proposed in the context of the Benchmark Rate Modification are required solely for the purpose of applying the Alternative Benchmark Rate and making consequential modifications to the Notes Conditions or any Transaction Document which are, as determined by the Issuer (or the Servicer on behalf of the Issuer) in its commercially reasonable judgement, necessary or advisable, and the modifications have been drafted solely to such effect; or
- (ii) change the benchmark rate that then applies in respect of the fixed-floating rate swap under the Swap Agreement to an Alternative Benchmark Rate solely as a consequence of a Benchmark Rate Modification and solely for the purpose of aligning the benchmark rate of the fixed-floating rate swap under the Swap Agreement to the benchmark rate of the Floating Rate Notes following such Benchmark Rate Modification (a "**Swap Rate Modification**") **provided that**:
  - (A) the Swap Counterparty provides its prior written consent to such Swap Rate Modification; and
  - (B) the Servicer (on behalf of the Issuer) certifies to the Trustee in writing that such modification is required solely for such purpose and it has been drafted solely to such effect (such certificate being a "**Swap Rate Modification Certificate**");

**provided that**, in the case of any modification made pursuant to a Benchmark Rate Modification and/or a Swap Rate Modification above (as applicable):

- (C) at least 30 days' prior written notice of any such proposed modification has been given to the Trustee **provided that** this notice must be delivered prior to publication of any Benchmark Modification Noteholder Notice;
- (D) the details of and the rationale for any Note Rate Maintenance Adjustment proposed in accordance with Notes Condition 4(f)(I)(4) below are as set out in the Benchmark Modification Noteholder Notice published in accordance with Notes Condition 4(f)(I) below; and
- (E) the applicable Benchmark Rate Modification Certificate or the Swap Rate Modification Certificate, as applicable, in relation to such modification is provided to the Trustee both at the time the Trustee is notified of the proposed modification, five Business Days prior to the publication of the Benchmark Rate Modification Noteholder Notice and on the date that such modification takes effect;
- (F) the consent of each Secured Creditor which is a party to any relevant Transaction Document being amended has been obtained;
- (G) with respect to each Rating Agency, either:
  - (1) the Issuer (or the Servicer on its behalf) obtains from such Rating Agency written confirmation that such modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the Rated Notes which are Floating Rate Notes by such Rating Agency or (y) such Rating Agency placing any Rated Notes which are Floating Rate Notes on rating watch negative (or equivalent) and delivers a copy of each such confirmation to the Trustee; or
  - (2) the Issuer certifies in writing to the Trustee that it (or the Servicer on its behalf) has notified such Rating Agency of the proposed modification and that it has been unable to obtain such written confirmation but that such Rating Agency has not indicated that the implementation of such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the Rated Notes which are Floating Rate Notes or by such Rating Agency or (y) such Rating Agency placing the Rated Notes which are Floating Rate Notes on rating watch negative (or equivalent);
- (H) in respect of a Benchmark Rate Modification only, by no later than the date on which the proposed Benchmark Rate Modification becomes effective, the Issuer has agreed the corresponding Swap Rate Modification, other than if the Rating Agency provides written confirmation to the Issuer that the Benchmark Rate Modification would not result in a downgrade, withdrawal or suspension of the then current ratings assigned to the Rated Notes which are Floating Rate Notes by such Rating Agency if there is no corresponding Swap Rate Modification;
- (I) the Issuer has provided at least 30 days' notice to the Noteholders of each Class of the proposed modification in accordance with Notes Condition 13 (*Notice to Noteholders*) and by publication on Bloomberg on the "Company News" screen relating to the which are Floating Rate Notes, (such notice, the "**Benchmark Modification Noteholder Notice**") notifying the following:

- (1) the period during which Noteholders of the Most Senior Class on the date specified to be the Benchmark Rate Modification Record Date (which shall be five Business Days from and excluding the date of publication of the Benchmark Modification Noteholder Notice (the "**Benchmark Rate Modification Record Date**")), may object to the proposed Benchmark Rate Modification and the method by which they may object;
- (2) the Benchmark Rate Disruption on the basis of which the Benchmark Rate Modification and/or Swap Rate Modification is being proposed;
- (3) the Benchmark Rate Eligibility Requirement satisfied by the Alternative Benchmark Rate and, if paragraph (e) of the definition of Benchmark Rate Eligibility Requirement is being applied, the Servicer's rationale for choosing the Alternative Benchmark Rate;
- (4) details of the adjustment which the Issuer proposes to make (if any) to the margin payable on each Class of Floating Rate Notes which are the subject of the Benchmark Rate Modification in order to, so far as reasonably and commercially practicable, preserve what would have (been the expected Floating Rate of Interest applicable to each such Class of Floating Rate Notes had no such Benchmark Rate Modification been effected which, for the avoidance of doubt, may effect an increase or a decrease to the Margin or may be set at zero (the "**Note Rate Maintenance Adjustment**")), **provided that:**
  - (a) in the event that the Bank of England, the FCA or the Prudential Regulation Authority or any relevant committee or other body established, sponsored or approved by any of the foregoing, including the Working Group on Sterling Risk-Free Reference Rates has published, endorsed, approved or recognised a note rate maintenance adjustment mechanism which could be used in the context of a transition from SONIA to the Alternative Benchmark Rate, then the Issuer shall propose that note rate maintenance adjustment mechanism as the Note Rate Maintenance Adjustment, or otherwise the Issuer shall set out in the Benchmark Modification Noteholder Notice the rationale for concluding that this is not a commercial and reasonable approach in relation to the Notes and the proposed Benchmark Rate Modification;
  - (b) in the event that it has become generally accepted market practice in the publicly listed asset backed floating rate notes to use a particular note rate maintenance adjustment mechanism in the context of a transition from SONIA to the Alternative Benchmark Rate, then the Issuer shall propose that note rate maintenance adjustment mechanism as the Note Rate Maintenance Adjustment, or otherwise the Issuer shall set out in the Benchmark Modification Noteholder Notice the rationale for concluding that this is not a commercial and reasonable approach in relation to the Notes and the proposed Benchmark Rate Modification;

- (c) in the event that neither (a) nor (b) above apply, the Issuer shall use reasonable endeavours to propose an alternative Note Rate Maintenance Adjustment as reasonably determined by the Issuer (or the Servicer on behalf of the Issuer) and shall set out the rationale for the proposal or otherwise the Issuer shall set out in the Benchmark Modification Noteholder Notice the rationale for concluding that this is not a commercial and reasonable approach in relation to the Floating Rate Notes and the proposed Benchmark Rate Modification; and
  - (d) if any Note Rate Maintenance Adjustment is proposed, the Note Rate Maintenance Adjustment applicable to each Class of Floating Rate Notes other than the Most Senior Class of Notes shall be at least equal to that applicable to the Most Senior Class of Notes. In circumstances where the Issuer proposes a lower Note Rate Maintenance Adjustment on any Class of Floating Rate Notes other than the Most Senior Class than that which is proposed for the Most Senior Class of Notes or another Class of Floating Rate Notes which ranks senior to the Class of Floating Rate Notes to which the lower Note Rate Maintenance Adjustment is proposed to be made, the Benchmark Rate Modification will not be made unless an Ordinary Resolution is passed in favour of such modification in accordance with Notes Condition 11 (*Meetings of Noteholders; Modifications; Consents; Waiver*) by the Noteholders of each Class of Floating Rate Notes then outstanding to which the lower Note Rate Maintenance Adjustment is proposed to be made;
- (5) details of (i) other amendments which the Issuer proposes to make (if any) to these Notes Conditions or any other Transaction Document and (ii) any new, supplemental or additional documents into which the Issuer proposes to enter to facilitate the changes envisaged pursuant to Benchmark Rate Modification and/or Swap Rate Modification;
- (J) Noteholders representing at least 10 per cent. of the Principal Amount Outstanding of the Most Senior Class then outstanding have not contacted the Trustee in writing (or otherwise in accordance with the then current practice of any applicable Clearing System through which such Notes may be held) within the relevant notification period notifying the Trustee that such Noteholders do not consent to the Benchmark Rate Modification and/or Swap Rate Modification; and
  - (K) the Issuer pays all costs and expenses (including legal fees) incurred by the Issuer, the Trustee, the Seller, the Servicer and the Cash Administrator in connection with such modification.

If Noteholders representing at least 10 per cent. of the Principal Amount Outstanding of the Most Senior Class then outstanding have notified the Trustee in writing (or otherwise in accordance with the then current practice of any applicable Clearing System through which such Notes may be held) within such notification period that such Noteholders do not consent to the modification, then any subsequent proposal by the Issuer in respect of a Benchmark Rate Modification or a Swap Rate Modification (as the case may be) must be sanctioned by an Extraordinary Resolution of the Noteholders of the Most Senior Class then outstanding passed in favour of such modification in accordance with

Notes Condition 11(a), (b) (*Meetings of Noteholders; Modification; Consents; Waiver*) and (c) (*Negative consent*), **provided that** in circumstances where the Issuer proposes a lower Note Rate Maintenance Adjustment on any Class of Floating Rate Notes other than that which is proposed for the Most Senior Class of Notes or another Class of Floating Rate Notes which ranks senior to the Class of Floating Rate Notes to which the lower Note Rate Maintenance Adjustment is proposed to be made, such Extraordinary Resolution shall be passed by the Noteholders of the Most Senior Class of Notes then outstanding and by the Noteholders of each Class of Floating Rate Notes then outstanding to which the lower Note Rate Maintenance Adjustment is proposed to be made.

Objections made in writing other than through the applicable Clearing System must be accompanied by evidence to the Trustee's satisfaction (having regard to prevailing market practices) of the relevant Noteholder's holding of the Notes.

Any such modifications permitted by this Notes Condition 11(f) shall be binding on the Noteholders and other Secured Creditors and, unless the Trustee otherwise agrees, the Issuer shall cause such modification to be notified to the Noteholders as soon as practicable thereafter in accordance with Notes Condition 13 (*Notice to Noteholders*). So long as the Rated Notes, or any of them, are rated by the Rating Agencies the Issuer shall notify each of the Rating Agencies of any modification made by it in accordance with this Notes Condition 11(f) as soon as reasonably practicable thereafter.

Notwithstanding anything to the contrary in this Condition 11(f) or any Transaction Document:

- (i) when implementing any modification, pursuant to this Notes Condition 11(f) to the Notes Conditions, and/or any other Transaction Documents to which it is a party or in relation to which it holds security to or enters into any new, supplemental or additional documents, (save to the extent the Trustee considers that the proposed modification would constitute a Notes Basic Terms Modification), the Trustee shall not consider the interests of the Noteholders, any other Secured Creditor or any other person and shall act and rely solely, and without further enquiry or liability, on any certificate (including any Benchmark Rate Modification Certificate or Swap Rate Modification Certificate (as applicable)) or evidence provided to it by the Issuer (or the Servicer on behalf of the Issuer), as the case may be, pursuant to this Notes Condition 11(f) and shall not be liable to the Noteholders, any other Secured Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person; and
- (ii) the Trustee shall not be obliged to agree to any modification of the Trust Deed, the Notes Conditions or any other Transaction Document which (in the sole opinion of the Trustee) would have the effect of: (x) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction; or (y) increasing the obligations or duties, or decreasing the protections or rights of the Trustee in the Transaction Documents, the Trust Deed and/or the Notes Conditions.

For the avoidance of doubt, the Issuer or the Servicer (on behalf of the Issuer) may propose an Alternative Benchmark Rate on more than one occasion **provided that** the conditions set out in this Notes Condition 11(f) are satisfied.

(g) ***Substitution***

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as are set out in the Trust Deed or as the Trustee may otherwise require, but without the consent of, or any liability to, the Noteholders or the other Secured Creditors to the substitution of certain other entities in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed, the Notes and the other Transaction Documents. In the case of such a

substitution the Trustee may agree, without the consent of the Noteholders, to a change of the law governing the Notes and/or the Trust Deed.

(h) ***Evidence of Notes***

Where for the purposes of these Notes Conditions the Trustee or any other party to the Transaction Documents requires a Noteholder holding Notes through Euroclear or Clearstream, Luxembourg to establish its holding of the Notes to the satisfaction of such party, such holding shall be considered to be established (and the Noteholder in respect of which such holding is established shall be a "**Verified Noteholder**") if such Noteholder provides to the requesting party with regard to the relevant date:

- (i) a Euclid Statement (in the case of Euroclear) or a Creation Online Statement (in the case of Clearstream, Luxembourg) in each case providing confirmation at the time of issue of the same of such person's holding in the Notes; and
- (ii) if the relevant Notes are held through one or more custodians, a signed letter dated as of the date of the Euclid Statement or the Creation Online Statement from each such custodian confirming on whose behalf it is holding such Notes such that the Trustee or any other party to the Transaction Documents is able to verify to its satisfaction the chain of ownership to the beneficial owner.

If in connection with verifying its holding the Trustee or any other party to the Transaction Documents requires a Noteholder to temporarily block its Notes in Euroclear or Clearstream, Luxembourg, such Noteholder will be required to instruct Euroclear or Clearstream, Luxembourg (via its custodian) to do so.

(i) ***Entitlement of the Trustee***

In connection with the exercise of its functions (including but not limited to those referred to in this Notes Condition 11) the Trustee:

- (i) shall have regard to the interests of the Noteholders (or, as applicable, the Noteholders of a particular Class) as a class and shall not have regard to the consequences of such exercise for individual Noteholders and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders;
- (ii) shall have regard only to the interests of the holders of the outstanding Notes of the Most Senior Class of Notes where, in the opinion of the Trustee, there is a conflict between the interests of the holders of the Most Senior Class of Notes and the interests of any other Noteholders; and
- (iii) may, in determining whether or not a proposed action will be materially prejudicial to the Noteholders (or, as applicable, the Noteholders of a particular Class), have regard to, among other things, a Rating Agency Confirmation.

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 and/or secured and/or pre-funded to its satisfaction. The Trustee and its related companies are entitled to enter into business transactions with, *inter alios*, the Issuer, the Servicer, the Cash Administrator, the Legal Title Holder 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 Servicer, the Cash Administrator or (as the case may be), the Legal Title Holder or any agent or related company of the Servicer, the Cash Administrator, the Legal Title Holder 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 monitor or supervise compliance by the Issuer, the Servicer, the Cash Administrator or the Legal Title Holder with their respective obligations or to make any searches, enquiries, or independent investigations of title in relation to any of the properties secured by the Mortgages.

13. **Notice to Noteholders**

(a) ***Forms of Notice***

All notices, other than notices given in accordance with any one or more of the following paragraphs of this Notes Condition 13, to Noteholders shall be deemed to have been validly given if:

- (i) for so long as the Notes are listed on a stock exchange, and the rules of such stock exchange and the Market Abuse Directive so require, or at the option of the Issuer, if delivered through the announcements section of the relevant stock exchange and a regulated information service maintained or recognised by such stock exchange; and
- (ii) for so long as the Notes are represented by Global Notes, and if, for so long as the Notes are listed on a stock exchange, the rules of such stock exchange so allow if delivered to Euroclear and/or Clearstream, Luxembourg for communication by them to their participants and for communication by such participants to entitled account holders; and
- (iii) for so long as the Notes are represented by Global Notes and if, for so long as the Notes are listed on a stock exchange, the rules of such stock exchange so allow if delivered to the electronic communications systems maintained by Bloomberg L.P. for publication on the relevant page for the Notes or such other medium for the electronic display of data as may be previously approved in writing by the Trustee; or
- (iv) if the Notes are in definitive form, if published in a leading daily newspaper printed in the English language and with general circulation in Ireland (which is expected to be *The Irish Times*) or, if that is not practicable, in such English language newspaper or newspapers as the Trustee shall approve having a general circulation in Ireland and the rest of Europe.

Any such notice shall be deemed to have been given on:

- (i) in the case of a notice delivered to the regulated information service of a stock exchange, the day on which it is delivered to such stock exchange;
- (ii) in the case of a notice delivered to Euroclear and/or Clearstream, Luxembourg, the day on which it is delivered to Euroclear and/or Clearstream, Luxembourg;
- (iii) in the case of a notice delivered to Bloomberg L.P., the day on which it is delivered to Bloomberg L.P.; and
- (iv) in the case of a notice published in a newspaper, 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 publication is required.

If it is impossible or impractical to give notice in accordance with paragraph (i), (ii) or (iii) above then notice of the relevant matters shall be given in accordance with paragraph (iv) above.

Any notices given to the Noteholders by the Issuer or the Trustee shall also be sent concurrently to the Swap Counterparty.



(b) ***Other Methods***

The Trustee may approve some other method of giving notice to the Noteholders if, in its opinion, that other method is reasonable having regard to market practice then prevailing and to the requirements of any stock exchange on which Notes are then listed and **provided that** notice of that other method is given to the Noteholders in the manner required by the Trustee.

(c) ***Notices to Euronext Dublin and Rating Agencies***

A copy of each notice given in accordance with this Notes Condition 13 shall be provided to the Rating Agencies and, for so long as the Notes are listed on Euronext Dublin and the guidelines of Euronext Dublin so require, Euronext Dublin.

14. **Governing Law**

The Transaction Documents and the Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law (other than those Transaction Documents specific to the Scottish Loans which shall be governed by and construed in accordance with Scots law).

15. **Privity of Contract**

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

16. **Interpretation**

In these Notes Conditions:

"**Appointee**" means any delegate, agent, nominee, custodian, attorney or manager appointed or employed by the Trustee pursuant to the provisions of the Transaction Documents;

"**Business Day**" means a day on which commercial banks and foreign exchange markets settle payments in London and Dublin and which is a TARGET2 Settlement Day;

"**Enforcement Notice**" means a notice given by the Trustee to the Issuer under Notes Condition 9 (*Events of Default*) of the Notes;

"**Extraordinary Resolution**" means:

(a) a resolution passed at a duly convened meeting of the Noteholders or the Noteholders of such Class and held in accordance with the provisions of the Trust Deed by a majority consisting of not less than 75 per cent. of the persons voting thereat upon a show of hands, or if a poll is demanded, by a majority consisting of not less than 75 per cent. of the votes cast on such poll; or

(b) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such holders,

and (in the circumstances set out in Notes Condition 11 (*Meetings of Noteholders; Modifications; Consents; Waiver*) an Extraordinary Resolution (other than in respect of a Notes Basic Terms Modification) will pass unless 10 per cent. or more in aggregate Principal Amount Outstanding of the Notes of such Class have informed the Trustee in writing (or otherwise in accordance with the then current practice of any clearing system through which the Notes may be held) in the prescribed manner of their objection to such Extraordinary Resolution within 40 days after the date on which a notice containing the text of such Extraordinary Resolution which acts as an invitation to Noteholders of such Class to object to the same and details the manner in which such objections should be made has been given to such class in accordance with the provisions of Notes Condition

13 (*Notice to Noteholders*) by the Issuer or the Trustee, and for so long as the Notes are listed on Euronext Dublin, by making it available to any Regulatory Information Service maintained by Euronext Dublin;

**"Most Senior Class"** means the A Notes for so long as there are any A Notes outstanding; thereafter the B Notes for so long as there are any B Notes outstanding; thereafter the C Notes for so long as there are any C Notes outstanding; thereafter the D Notes for so long as there are any D Notes outstanding; thereafter the E Notes for so long as there are any E Notes outstanding; thereafter the F Notes for so long as there are any F Notes outstanding; thereafter the G Notes for so long as there are any G Notes outstanding; thereafter the X Notes for so long as there are any X Notes outstanding; thereafter the Z Notes for so long as there are any Z Notes outstanding; and thereafter the Certificates for so long as there are any Certificates outstanding;

**"Notes Basic Terms Modification"** means any modification to (a) the maturity date of the Notes or the dates on which interest is payable in respect of the Notes, (b) the date of payment of principal, interest or any other amount in respect of any Class of Notes, or, where applicable, of the method of calculating the date of payment of principal, interest or any other amount in respect of any Class of Notes, or of the method of calculating the date of payment in respect of the Certificates, except in accordance with Notes Condition 11(f) (*Modification and Waiver in relation to the Reference Rate*), (c) the amount of principal, the rate of interest or any other amount payable in respect of any Class of Notes or the priority of payment of such amount, or where applicable, of the method of calculating the amount payable of any principal, interest or any other amount payable in respect of any Class of Notes or of the method of calculating the amounts payable in respect of the Certificates, except in accordance with Notes Condition 11(f) (*Modification and Waiver in relation to the Reference Rate*); (d) the modification or addition of any other amount payable ranking ahead of or *pari passu* with any Class of Notes or Certificates, including any fees payable by the Issuer to any third party (save as permitted or contemplated under the terms of the Transaction Documents), (e) the priority of payment of interest or principal on the Notes, (f) the currency of payment of the Notes, (g) the definition of Notes Basic Terms Modification, (h) the definition of Event of Default (i) the provisions concerning the quorum required at any meeting of Noteholders or the majority required to effect a Notes Basic Terms Modification or to pass an Extraordinary Resolution, (j) the definition of the Mortgage Pool Option Date, (k) any changes to the terms of the Deed Poll or any provisions concerning the exercise of the optional call thereunder, including Notes Condition 5(d) (*Optional Redemption in Full at the Direction of the Mortgage Pool Option Holder*), (l) any changes to the terms of the Risk Retention Regulatory Change Deed Poll or any provisions concerning the exercise of the optional call thereunder, including Notes Condition 5(e) (*Optional Redemption in Full Following the Exercise of a Risk Retention Regulatory Change Option*), (m) the provisions concerning limited recourse and non-petition in relation to the Issuer including Condition 10 (*Enforcement of Security, Limited Recourse and Non-Petition*), (n) the Notes Condition 3 (*Covenants of the Issuer*) or (o) any waiver of any proposal or actual breach of any of the covenants (including any Event of Default or Potential Event of Default) or provisions contained in or arising pursuant to the Notes Conditions, Certificates Conditions or any Transaction Documents by any party thereto which would have the effect of any of the foregoing;

**"Ordinary Resolution"** means:

- (a) a resolution passed at a duly convened meeting of the Noteholders or the Noteholders of such Class and held in accordance with the provisions of the Trust Deed by a majority consisting of not less than 50.1 per cent. of the persons voting thereat upon a show of hands, or if a poll is demanded, by a majority consisting of not less than 50.1 per cent. of the votes cast on such poll; or
- (b) a resolution in writing signed by or on behalf of the holders of not less than 50.1 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such holders,

and (in the circumstances set out in Notes Condition 11 (*Meetings of Noteholders; Modifications; Consents; Waiver*)) an Ordinary Resolution will pass unless 15 per cent. or more in aggregate Principal Amount Outstanding of the Notes of such Class have informed the Trustee in writing (or otherwise in accordance with the then current practice of any clearing system through which the

Notes may be held) in the prescribed manner of their objection to such Ordinary Resolution within 40 days after the date on which a notice containing the text of such Ordinary Resolution which acts as an invitation to Noteholders of such Class to object to the same and details the manner in which such objections should be made has been given to such Class in accordance with the provisions of Notes Condition 13 (*Notice to Noteholders*) by the Issuer or the Trustee and for so long as the Notes are listed on Euronext Dublin, by making it available to any Regulatory Information Service maintained by Euronext Dublin;

**"Rating Agencies"** means DBRS and S&P and **"Rating Agency"** means any of them;

**"Rating Agency Confirmation"** means (i) written confirmation from each Rating Agency that the implementation of such matters would not result in the then current ratings of each Class of Notes rated thereby being qualified, downgraded or withdrawn or (ii) certification in writing from the Issuer to the Trustee that the Issuer has been unable to obtain such written confirmation but that the Rating Agencies then rating the Notes have been informed of the implementation of such matters and none of such Rating Agencies have indicated that the implementation of such matters would result in a qualification, downgrade or withdrawal of the then current ratings of each Class of Rated Notes;

**"SR Data Tape"** means certain loan-by-loan information in relation to the Mortgage Pool in respect of each Determination Period as then required by and in accordance with Article 7(1)(a) of the Securitisation Regulation published on a quarterly basis in the form prescribed as at such time under the Securitisation Regulation

**"SR Investor Report"** means the quarterly investor report in respect of each Determination Period, published as then required by and in accordance with Article 7(1)(e) of the Securitisation Regulation in the form prescribed as at such time under the Securitisation Regulation.

## TERMS AND CONDITIONS OF THE CERTIFICATES

*The following are the terms and conditions of the Certificates in the form (subject to amendment) in which they will be set out in the Trust Deed (as defined below).*

The Certificates are constituted by a trust deed (as amended or modified from time to time, the "**Trust Deed**") dated on or about 28 August 2019 (the "**Issue Date**") between the Issuer and Citicorp Trustee Company Limited (the "**Trustee**") as trustee for the holders of the Certificates (the "**Certificateholders**"). Any reference in these terms and conditions (the "**Certificates Conditions**") shall be a reference to the Certificates and the holders thereof.

These Certificates Conditions include summaries of, and are subject to, the detailed provisions of (1) the Trust Deed, which includes the form of the Certificates, (2) the paying agency agreement (the "**Paying Agency Agreement**") dated the Issue Date relating to the Certificates between the Issuer, the Trustee, Citibank, N.A., London Branch as agent bank (the "**Agent Bank**"), Citibank, N.A., London Branch as principal paying agent (the "**Principal Paying Agent**"), Citibank, N.A., London Branch, as Registrar (the "**Registrar**") and the other paying agents named in it (together with the Principal Paying Agent and any other or further paying agent appointed under the Paying Agency Agreement, the "**Paying Agents**" and together with the Registrar, the "**Agents**"), (3) the deed of charge and assignment (the "**Deed of Charge**") dated the Issue Date between the Issuer and the Trustee, (4) the cash administration agreement (the "**Cash Administration Agreement**") dated the Issue Date between, *inter alios*, the Issuer and Bluestone Mortgages Limited (the "**Cash Administrator**") and (5) the retention letter (the "**Retention Letter**") dated the Issue Date between, among others, the Issuer and the Risk Retention Holder.

In these Certificates Conditions, capitalised words and expressions shall, unless otherwise defined below, have the same meanings as those given in the Master Definitions Agreement dated on or about the Issue Date and signed for the purpose of identification by the Issuer and the Seller.

Copies of the Trust Deed, the Paying Agency Agreement, the Deed of Charge, the Cash Administration Agreement, the Master Definitions Agreement and the other Transaction Documents are available (i) for inspection during usual business hours at the specified offices from time to time of the Principal Paying Agent and (ii) online at [www.sf.citidirect.com](http://www.sf.citidirect.com) and will be available in such manner for at least as long as the Notes are admitted to listing on Euronext Dublin and the guidelines of Euronext Dublin so require. The 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 Deed of Charge, the Master Definitions Agreement and the other Transaction Documents. The Certificateholders 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 Deed of Charge, the Master Definitions Agreement and the other Transaction Documents.

### 1. **Form, Denomination and Title**

#### (a) ***Form and denomination***

- (i) Each Certificate will initially be represented by a global certificate in registered form (a "**Global Certificate**").
- (ii) For so long as any of the Certificates are represented by a Global Certificate, transfers and exchanges of beneficial interests in such Global Certificate and entitlement to payments thereunder will be effected subject to and in accordance with the rules and procedures from time to time of Euroclear or Clearstream, Luxembourg, as appropriate. The Global Certificate will be deposited with, and registered in the name of, a nominee of a common depository (the "**Common Depository**").
- (iii) A Global Certificate will be exchanged for the relevant Certificate in definitive registered form (such exchanged Global Certificate in definitive registered form, the "**Definitive Certificates**") only if either of the following applies:
  - (A) in the case of a Global Certificate held in Euroclear or Clearstream, Luxembourg, Euroclear or 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; or

(B) as a result of any amendment to, or change in (A) the laws or regulations of the United Kingdom or any political sub-division therein or thereof having power to tax or (B) the interpretation or administration of such legislation which becomes effective on or after the Issue Date, the Issuer or the Principal Paying Agent is, or will be required to make any deduction or withholding for or on account of Tax from any payment in respect of the Certificates which would not be required if the Certificates were in definitive form.

- (iv) If Definitive Certificates are issued in respect of Certificates originally represented by a Global Certificate, the beneficial interests represented by such Global Certificate shall be exchanged by the Issuer for the relevant Certificates in registered definitive form.
- (v) Definitive Certificates will be serially numbered and will be issued in registered form only.
- (vi) References to "**Certificates**" in these Certificates Conditions shall include the Global Certificate and the Definitive Certificates, and references to "**Certificateholders**" means the persons holding Certificates.

(b) ***Title***

- (i) The person registered in the Register as the holder of any Certificate will (to the fullest extent permitted by applicable law) 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 Certificate regardless of any notice of ownership, theft or loss, of any trust or other interest therein or of any writing thereon or, if more than one person, the first named of such persons who will be treated as the absolute owner of such Certificate.
- (ii) The Issuer shall cause to be kept at the specified office of the Registrar, the Register on which shall be entered the names and addresses of the holders of the Certificates and the particulars of the Certificates held by them and of all transfers and redemptions of the Certificates.
- (iii) No transfer of a Certificate will be valid unless and until entered on the Register.
- (iv) Transfers and exchanges of beneficial interests in the Global Certificate and any Definitive Certificates and entries on the Register relating thereto will be made subject to any restrictions on transfers set forth on such Certificates and the detailed regulations concerning transfers of such Certificates contained in the Paying Agency Agreement and the Trust Deed. In no event will the transfer of a beneficial interest in a Global Certificate or the transfer of a Definitive Certificate be made absent compliance with the regulations referred to above, and any purported transfer in violation of such regulations shall be void *ab initio* and will not be honoured by the Issuer or the Trustee. The regulations referred to above 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 Principal Paying Agent in the UK or the Registrar to any holder of a Certificate who so requests (and who provides evidence of such holding where the Certificates are in global form) and will be available upon request at the specified office of the Registrar or the Principal Paying Agent.
- (v) A Definitive Certificate, may be transferred in whole or in part upon the surrender of the relevant Definitive Certificate, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar or the Principal Paying Agent. In the case of a transfer of part only of a Definitive

Certificate, a new Definitive Certificate, in respect of the balance remaining will be issued to the transferor by or by order of the Registrar.

- (vi) Each new Definitive Certificate, to be issued upon transfer of Definitive Notes will, within five Business Days of receipt of such request for transfer, be available for delivery at the specified office of the Registrar or the Principal Paying Agent stipulated in the request for transfer, or be mailed at the risk of the holder entitled to the Definitive Certificate, to such address as may be specified in such request.
- (vii) Registration of Definitive Certificates 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 or other governmental charges which may be imposed in relation to it.

## 2. **Status, Security and Administration**

- (a) The Certificates constitute direct, secured and unconditional obligations of the Issuer, recourse in respect of which is limited in the manner described in Certificates Condition 7 (*Enforcement of Security, Limited Recourse and Non-Petition*).

The Certificates will at all times rank without preference or priority *pari passu* amongst themselves.

- (i) Payments in respect of the Certificates shall only be payable (a) out of Available Revenue Funds under and in accordance with the Pre-Enforcement Revenue Priority of Payments; (b) out of Available Principal Funds in accordance with the Pre-Enforcement Principal Priority of Payments; (c) out of available funds in accordance with the Post-Enforcement Priority of Payments after (i) the date on which the Trustee serves an Enforcement Notice on the Issuer pursuant to Notes Condition 9 (*Events of Default*) declaring the Notes to be due and repayable or (ii) the occurrence of a Redemption Event; (d) on each Interest Payment Date from any Excess Mortgage Early Redemption Amounts received in respect of a Loan by the Issuer during the prior Determination Period; and (e) as provided in paragraph (iii), (iv) and (v) below.
- (ii) For the avoidance of doubt any residual balance following payment of all senior items in the Pre-Enforcement Revenue Priority of Payments will be payable to the X Notes then the Z Notes and then the Certificates or the Post-Enforcement Priority of Payments will be payable to the A Notes, then the B Notes, then the C Notes, then the D Notes, then the E Notes, then the F Notes, then the G Notes, then the X Notes, then the Z Notes and then the Certificates. As a result there may be insufficient funds or no funds available to make payments on the Certificates.
- (iii) An amount equal to £250,000 shall on the Issue Date be credited to a separate ledger within the Transaction Account (the "**Start-Up Costs Ledger**") for the payment by the Issuer of such Issuer Costs and Expenses. Any balance standing to the credit of the Start-Up Costs Ledger on the Determination Date falling immediately prior to the first Interest Payment Date shall after taking into account any I to SC Upfront Rebalancing Payment be paid directly to the Certificateholders on the first Interest Payment Date and will not form part of the Available Revenue Funds.
- (iv) The Excess X Note Proceeds shall be paid directly to the Certificateholders on the Issue Date.
- (v) An amount standing to the credit of the Revenue Ledger equal to any SC to I Upfront Rebalancing Payment shall be paid to the Certificateholders on the first Interest Payment Date and shall not form part of the Available Revenue Funds.

(b) **Security**

As security for the payment of all monies payable in respect of the Certificates 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 the Legal Title Holder, the Servicer and the Servicer Facilitator under the Servicing Agreement, the Cash Administrator Facilitator and the Cash Administrator under the Cash Administration Agreement, the Agents under the Paying Agency Agreement, the Account Bank under the Bank Agreement, the Collection Account Provider in connection with the Collection Account, the Swap Counterparty under the Swap Agreement, the Corporate Services Provider under the Corporate Services Agreement and any other party which is, or accedes to the Deed of Charge as a Secured Party, 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 equitable charges and security in favour of the Trustee over the Issuer's present and future right, title, benefit and interest in, to and under the Loans, the Mortgages and their related Collateral 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 Loans;
- (iii) an equitable assignment in favour of the Trustee of the Issuer's right, title, interest and benefit in, to and under the Bank Agreement, the Collection Account Agreement, the Collection Account Declaration of Trust, the Cash Administration Agreement, the Corporate Services Agreement, the Deed Poll, the Risk Retention Regulatory Change Deed Poll, the Deed of Charge, the Servicing Agreement, the Mortgage Sale Agreement, the Retention Letter, the Paying Agency Agreement, the Trust Deed, the Issuer/ICSD Agreement, the Swap Agreement, the Reporting Designation Letter and any other agreement entered into between the Issuer and a secured party to the Deed of Charge (the "**Charged Obligation Documents**" other than the Trust Deed and the Deed of Charge);
- (iv) a first fixed charge in favour of the Trustee over (x) the Issuer's interest in the Bank Accounts and any Authorised Investments, (y) the Issuer's beneficial interest in the Collection Account and (z) any other accounts with any bank or financial institution in which the Issuer now or in the future has an interest (to the extent of its interest); and
- (v) a first floating charge in favour of the Trustee (ranking after the security referred to in paragraphs (i) to (iv) (inclusive) above) over the whole of the undertaking, property, assets and rights of the Issuer.

The Issuer will also grant in favour of the Trustee and pursuant to the Deed of Charge, an assignation in security of the Issuer's beneficial interest in the Scottish Loans and their Collateral Security (comprising the Issuer's beneficial interest under each Scottish Declaration of Trust) in terms of each Scottish Trust Security.

(c) **Pre-Enforcement Revenue Priority of Payment**

Prior to (i) the service of an Enforcement Notice or (ii) the occurrence of a Redemption Event, on each Interest Payment Date, the Cash Administrator shall apply an amount equal to the Available Revenue Funds, which shall include for the avoidance of doubt:

- (i) interest (if any) earned on the amounts in the Bank Accounts for the Determination Period immediately preceding the Determination Date;
- (ii) the proceeds of any Authorised Investments attributable to Revenue Collections for the Determination Period immediately preceding the relevant Determination Date;

- (iii) the Revenue Collections received for the Determination Period immediately preceding the relevant Determination Date;
- (iv) any amounts to be received or expected to be received by the Issuer under the Swap Agreement or any replacement Swap Agreement on the Interest Payment Date immediately following the relevant Determination Date (but excluding (i) any Swap Excluded Receivables Amounts; (ii) any amounts standing to the credit of the Issuer Profit Ledger; (iii) any amounts credited to the Swap Collateral Account; (iv) any Swap Collateral Account surplus; and (v) any SC to I Upfront Rebalancing Payment);
- (v) any General Reserve Fund Excess Amount;
- (vi) for so long as there are any Rated Notes outstanding (including on the Interest Payment Date on which the Rated Notes are redeemed in full), such amount equal to any Shortfall standing to the credit of the General Reserve Fund Ledger if and to the extent there will be a Shortfall on the immediately following Interest Payment Date;
- (vii) for so long as there are any A Notes outstanding (including on the Interest Payment Date on which the A Notes are redeemed in full), such amount equal to any Revenue Shortfall standing to the credit of the Liquidity Reserve Fund Ledger if and to the extent there will be a Revenue Shortfall on the immediately following Interest Payment Date to be applied to items (i) to (vi) (inclusive) of the Pre-Enforcement Revenue Priority of Payments;
- (viii) any Principal Addition Amounts if and to the extent there will be a Further Revenue Shortfall on the immediately following Interest Payment Date to be applied to items (i) to (vi) (inclusive) and (if the A Notes have been redeemed in full) the relevant item corresponding to the payment of amounts (other than in respect of principal) in respect of the Most Senior Class, in each case of the Pre-Enforcement Revenue Priority of Payments;
- (ix) on the first Interest Payment Date, any balance standing to the credit of the Pre-Funding Revenue Reserve Ledger as at the Final Additional Loan Purchase Date (taking into account any debits made on that ledger on such date);
- (x) on the first Interest Payment Date, an amount equal to any I to SC Upfront Rebalancing Payment in aggregate up to the I to SC Upfront Rebalancing Payment Cap to be deducted from amounts standing to the credit of the Start-Up Costs Ledger;
- (xi) income from any Authorised Investments in respect of the Determination Period ending immediately prior to the relevant Determination Date; and
- (xii) any Mortgage Early Redemption Amounts paid to the Issuer,

but excluding (A) an amount equal to all Excess Mortgage Early Redemption Amounts in respect of the Determination Period ending immediately prior to the Determination Date (any such amount being payable by the Issuer directly to the Certificateholders, to the extent due to the Certificateholders) and (B) any Third Party Amounts allocable to interest, in making the following payments in the following order of priority, but in each case only to the extent that all payments of a higher priority have been made in full; (the "**Pre-Enforcement Revenue Priority of Payments**"):

- (i) *first*, to pay *pro rata* (I) when due the remuneration payable to the Trustee (plus VAT, if any) and any fees (including legal fees), costs, charges, liabilities and expenses incurred by and/or payable to it under the provisions of or in connection with the Trust Deed or the Deed of Charge or either or both of them together or any other documents entered into by the Trustee in its capacity as trustee under the Trust Deed or the Deed of Charge or either or both of them with interest as provided in the Trust Deed or the Deed of Charge or either or both of them and



- (II) any amounts due and payable to any Receiver and any Appointee of the Trustee in relation to the Transaction Documents;
- (ii) *second, to pay pro rata and pari passu:*
- (A) (x) the Servicing Fee payable to the Servicer under the Servicing Agreement up to the Servicing Fee Cap and any other amounts due to the Servicer under the Servicing Agreement; (y) the Legal Title Holder Fee to the Legal Title Holder under the Servicing Agreement and any other amounts due to the Legal Title Holder under the Servicing Agreement; and (z) amounts due and any fees (including legal fees), costs, charges, liabilities, and expenses to the Cash Administrator under the Cash Administration Agreement;
  - (B) amounts due (plus value added tax, if any) and any fees (including legal fees), costs, charges, liabilities, and expenses incurred by it to the Agents, the Agent Bank, the Swap Collateral Account Bank and the Account Bank;
  - (C) amounts due (plus value added tax, if any) and any fees (including legal fees), costs, charges, liabilities, and expenses incurred by it to the Collection Account Provider;
  - (D) amounts due and payable (plus value added tax, if any) to the Corporate Services Provider under and in accordance with the Corporate Services Agreement, the Servicer Facilitator and the Cash Administrator Facilitator under the Servicing Agreement and the Cash Administration Agreement respectively;
  - (E) amounts due and payable to any Custodian; and
  - (F) amounts due and payable to any Liquidation Agent;
- (iii) *third, to pay pro rata and pari passu:* 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 of the Transaction Documents and not provided for payment elsewhere and to provide for any such amounts expected to become due and payable by the Issuer after that Interest Payment Date and prior to the next Interest Payment Date and to provide for the Issuer's liability or possible liability for corporation tax to the extent not payable from the Issuer Profit;
- (iv) *fourth, to retain an amount equal to the Issuer Profit, which shall be credited to the Issuer Profit Ledger;*
- (v) *fifth, in, or towards payment pro rata and pari passu of any amounts to the Swap Counterparty in respect of the Swap Agreement (other than any Swap Subordinated Amounts which are due and payable under item (xxvi) below or any Swap Excluded Payable Amounts which shall be discharged in accordance with the Swap Agreement and the Transaction Documents);*
- (vi) *sixth, to pay pro rata and pari passu 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 entitlement of the A Noteholders);*
- (vii) *seventh:*
- (A) following the Initial LRF Funding Date, amounts to be credited to the Liquidity Reserve Fund Ledger, up to the Liquidity Reserve Fund Required Amount; and

- (B) to credit amounts to the Liquidity Reserve Deficiency Ledger until the balance of the Liquidity Reserve Deficiency Ledger has reached zero (such corresponding amounts to be applied to the Liquidity Reserve Fund Ledger);
- (viii) *eighth*, amounts to be credited to the A Principal Deficiency Ledger (such amounts to be applied in redemption of the Notes in accordance with Notes Condition 5 (*Redemption*)) until the balance of the A Principal Deficiency Ledger has reached zero;
- (ix) *ninth*, to pay *pari passu* and *pro rata* amounts (other than in respect of principal) payable in respect of the B Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the B Noteholders);
- (x) *tenth*, amounts to be credited to the B Principal Deficiency Ledger (such amounts to be applied in redemption of the Notes in accordance with Notes Condition 5 (*Redemption*)) until the balance of the B Principal Deficiency Ledger has reached zero;
- (xi) *eleventh*, to pay *pari passu* and *pro rata* amounts (other than in respect of principal) payable in respect of the C Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the C Noteholders);
- (xii) *twelfth*, amounts to be credited to the C Principal Deficiency Ledger (such amounts to be applied in redemption of the Notes in accordance with Notes Condition 5 (*Redemption*)) until the balance of the C Principal Deficiency Ledger has reached zero;
- (xiii) *thirteenth*, to pay *pari passu* and *pro rata* amounts (other than in respect of principal) payable in respect of the D Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the D Noteholders);
- (xiv) *fourteenth*, amounts to be credited to the D Principal Deficiency Ledger (such amounts to be applied in redemption of the Notes in accordance with Notes Condition 5 (*Redemption*)) until the balance of the D Principal Deficiency Ledger has reached zero;
- (xv) *fifteenth*, to pay *pari passu* and *pro rata* amounts (other than in respect of principal) payable in respect of the E Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the E Noteholders);
- (xvi) *sixteenth*, amounts to be credited to the E Principal Deficiency Ledger (such amounts to be applied in redemption of the Notes in accordance with Notes Condition 5 (*Redemption*)) until the balance of the E Principal Deficiency Ledger has reached zero;
- (xvii) *seventeenth*, to pay *pari passu* and *pro rata* amounts (other than in respect of principal) payable in respect of the F Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the F Noteholders);
- (xviii) *eighteenth*, amounts to be credited to the F Principal Deficiency Ledger (such amounts to be applied in redemption of the Notes in accordance with Notes Condition 5 (*Redemption*)) until the balance of the F Principal Deficiency Ledger has reached zero;
- (xix) *nineteenth*, amounts to be credited to the General Reserve Fund Ledger, up to the General Reserve Fund Required Amount;
- (xx) *twentieth*, to pay *pari passu* and *pro rata* amounts (other than in respect of principal) payable in respect of the G Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the G Noteholders);

- (xxi) *twenty-first*, amounts to be credited to the G Principal Deficiency Ledger (such amounts to be applied in redemption of the Notes in accordance with Notes Condition 5 (*Redemption*)) until the balance of the G Principal Deficiency Ledger has reached zero;
- (xxii) *twenty-second*, to pay *pari passu* and *pro rata* amounts (other than in respect of principal) payable in respect of the X Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the X Noteholders);
- (xxiii) *twenty-third*, to pay *pari passu* and *pro rata* amounts (other than in respect of principal) payable in respect of the Z Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the Z Noteholders);
- (xxiv) *twenty-fourth*, to pay principal *pari passu* and *pro rata* to the holders of the X Notes until redeemed in full;
- (xxv) *twenty-fifth*, to pay principal *pari passu* and *pro rata* to the holders of the Z Notes until redeemed in full;
- (xxvi) *twenty-sixth*, in or towards payment *pro rata* and *pari passu* according to the amount thereof and in accordance with the terms of the Swap Agreement to the Swap Counterparty of any Swap Subordinated Amounts (other than Swap Excluded Payable Amounts);
- (xxvii) *twenty-seventh*, to pay *pro rata* and *pari passu* the Excess Servicing Fee to the Servicer;
- (xxviii) *twenty-eighth*, on any Interest Payment Date occurring after the Mortgage Pool Option Date until the redemption in full of the Notes, to pay any remaining amounts as Additional Available Principal Funds; and
- (xxix) *twenty-ninth*, to pay any remaining amounts *pro rata* and *pari passu* to the holders of the Certificates.

(d) ***Post-Enforcement Priority of Payments***

Following (i) the service of an Enforcement Notice, the Trustee shall, to the extent that such funds are available, use funds standing to the credit of the charged accounts, excluding (A) Swap Excluded Receivable Amounts, (B) any amounts credited to the Swap Collateral Account and any Swap Collateral Account surplus to the extent, in each case, utilised to discharge Swap Excluded Payable Amounts in accordance with the applicable Swap Agreement, (C) amounts standing to the credit of the Issuer Profit Ledger and (D) an amount equal to any Excess Mortgage Early Redemption Amounts or (ii) the occurrence of a Redemption Event the Issuer (or the Cash Administrator) shall, to the extent that such funds are available, use funds standing to the credit of the Transaction Account to make payments in the following order of priority pursuant to and in accordance with the Deed of Charge in each case only if and to the extent that payments or provisions of a higher priority have been made in full (the "**Post-Enforcement Priority of Payments**"):

- (i) *first*, to pay, *pro rata*, (I) when due the remuneration payable to the Trustee (plus VAT, if any) and any fees (including legal fees), costs, charges, liabilities and expenses incurred by and/or payable to it under the provisions of or in connection with the Trust Deed or the Deed of Charge or either or both of them together or any other documents entered into by the Trustee in its capacity as trustee under the Trust Deed or the Deed of Charge or either or both of them with interest as provided in the Trust Deed or the Deed of Charge or either or both of them and (II) any amounts due and payable to any Receiver and any Appointee of the Trustee in relation to the Transaction Documents;

- (ii) *second*, to pay *pro rata* and *pari passu*:
  - (A) (x) the Servicing Fee payable to the Servicer under the Servicing Agreement up to the Servicing Fee Cap and any other amounts due to the Servicer under the Servicing Agreement; (y) the Legal Title Holder Fee to the Legal Title Holder under the Servicing Agreement and any other amounts due to the Legal Title Holder under the Servicing Agreement; and (z) amounts due and any fees (including legal fees), costs, charges, liabilities, and expenses to the Cash Administrator under the Cash Administration Agreement;
  - (B) amounts due (plus value added tax, if any) and any fees (including legal fees), costs, charges, liabilities, and expenses incurred by it to the Agents, the Agent Bank, the Swap Collateral Account Bank and the Account Bank;
  - (C) amounts due (plus value added tax, if any) and any fees (including legal fees), costs, charges, liabilities, and expenses incurred by it to the Collection Account Provider;
  - (D) amounts due and payable (plus value added tax, if any) to the Corporate Services Provider under and in accordance with the Corporate Services Agreement, the Servicer Facilitator and the Cash Administrator Facilitator under the Servicing Agreement and the Cash Administration Agreement respectively;
  - (E) amounts due and payable to any Custodian; and
  - (F) amounts due and payable to any Liquidation Agent;
- (iii) *third*, to retain an amount equal to the Issuer Profit, which shall be credited to the Issuer Profit Ledger;
- (iv) *fourth*, in, or towards payment *pro rata* and *pari passu* of any amounts payable to the Swap Counterparty in respect of the Swap Agreement (other than any Swap Subordinated Amounts which are due and payable under item (xiv) below or any Swap Excluded Payable Amounts which shall be discharged in accordance with the Swap Agreement and the Transaction Documents);
- (v) *fifth*, to pay *pro rata* and *pari passu*:
  - (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) in accordance with Notes Condition 4 (*Interest*); and
  - (B) amounts payable to the A Noteholders in respect of principal on the A Notes until the A 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 B Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the B Noteholders) in accordance with Notes Condition 4 (*Interest*); and
  - (B) amounts payable to the B Noteholders in respect of principal on the B Notes until the B 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 C Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the C Noteholders) in accordance with Notes Condition 4 (*Interest*); and
  - (B) amounts payable to the C Noteholders in respect of principal on the C Notes until the C Notes are redeemed in full;
- (viii) *eighth, to pay pro rata and pari passu:*
  - (A) amounts (other than in respect of principal) payable in respect of the D Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the D Noteholders) in accordance with Notes Condition 4 (*Interest*); and
  - (B) amounts payable to the D Noteholders in respect of principal on the D Notes until the D Notes are redeemed in full;
- (ix) *ninth, to pay pro rata and pari passu:*
  - (A) amounts (other than in respect of principal) payable in respect of the E Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the E Noteholders) in accordance with Notes Condition 4 (*Interest*); and
  - (B) amounts payable to the E Noteholders in respect of principal on the E Notes until the E Notes are redeemed in full;
- (x) *tenth, to pay pro rata and pari passu:*
  - (A) amounts (other than in respect of principal) payable in respect of the F Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the F Noteholders) in accordance with Notes Condition 4 (*Interest*); and
  - (B) amounts payable to the F Noteholders in respect of principal on the F Notes until the F Notes are redeemed in full;
- (xi) *eleventh, to pay pro rata and pari passu:*
  - (A) amounts (other than in respect of principal) payable in respect of the G Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the G Noteholders) in accordance with Notes Condition 4 (*Interest*); and
  - (B) amounts payable to the G Noteholders in respect of principal on the G Notes until the G Notes are redeemed in full;
- (xii) *twelfth, to pay pro rata and pari passu:*
  - (A) amounts (other than in respect of principal) payable in respect of the X Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the X Noteholders) in accordance with Notes Condition 4 (*Interest*); and
  - (B) amounts payable to the X Noteholders in respect of the X Notes until the X Notes are redeemed in full;

- (xiii) *thirteenth*, to pay *pro rata* and *pari passu*:
  - (A) amounts (other than in respect of principal) payable in respect of the Z Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the Z Noteholders) in accordance with Notes Condition 4 (*Interest*); and
  - (B) amounts payable to the Z Noteholders in respect of principal on the Z Notes until the Z Notes are redeemed in full;
- (xiv) *fourteenth*, to pay *pro rata* and *pari passu* to the Swap Counterparty any Swap Subordinated Amounts (other than Swap Excluded Payable Amounts);
- (xv) *fifteenth*, to pay *pro rata* and *pari passu* the Excess Servicing Fee to the Servicer;
- (xvi) *sixteenth*, to pay, *pro rata* and *pari passu*, 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 of the Transaction Documents and not provided for payment elsewhere and to provide for the Issuer's liability or possible liability for corporation tax to the extent not payable from the Issuer Profit; and
- (xvii) *seventeenth*, to pay any remaining amounts *pro rata* and *pari passu* to the holders of the Certificates.

The Security will become enforceable upon the occurrence of an Event of Default (as defined in Notes Condition 9 (*Events of Default*)) **provided that** if the Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes or Certificates, the Trustee will not be entitled to dispose of the assets comprised in the Security or any part thereof unless either a sufficient amount would be realised to allow discharge in full of all amounts owing in respect of the Notes or Certificates, or the Trustee is of the opinion, reached after considering at any time and from time to time the advice of an investment bank or other financial adviser selected by the Trustee, that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing in respect of the Notes or Certificates.

(e) ***The Certificates***

Holders of the Certificates shall be entitled to receive their *pro rata* entitlement to:

- (i) the balance of amounts remaining following payments of all other items senior to the Certificates in the relevant Priority of Payments;
- (ii) on each Interest Payment Date any Excess Mortgage Early Redemption Amounts received by the Issuer during the prior Determination Period;
- (iii) on the first Interest Payment Date, any surplus amount standing to the credit of the Start-Up Costs Ledger as at the first Determination Date;
- (iv) on the Issue Date, an amount equal to the Excess X Note Proceeds; and
- (v) an amount equal to any SC to I Upfront Rebalancing Payment.

3. **Covenants of the Issuer**

Save with the prior written consent of the Trustee or as expressly provided in or expressly envisaged by these Conditions, any Bank Agreement, the Collection Account Agreement, the Cash Administration Agreement, the Collection Account Declaration of Trust, the Swap Agreement, the Corporate Services Agreement, the Deed Poll, the Risk Retention Regulatory Change Deed Poll, the Deed of Charge, each Scottish Declaration of Trust, each Scottish Trust Security, the Master

Definitions Agreement, the Servicing Agreement, the Mortgage Sale Agreement, the Retention Letter, the Parent Share Trust Deed, the Paying Agency Agreement, the Trust Deed, the Issuer/ICSD Agreement, the Reporting Designation Letter and any other document agreed between the Issuer and the Trustee as being a Transaction Document (together, the "**Transaction Documents**"), the Issuer shall not, so long as any Certificates remain outstanding (as defined in the Trust Deed), *inter alia*:

(a) ***Negative Pledge***

create or permit to subsist any mortgage, standard security, assignation, 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 Transaction Documents provide or envisage that the Issuer will engage in;

(ii) open nor have any interest in any account whatsoever with any bank or financial institution other than the Collection Account held with the Collection Account Provider and the other Bank Accounts held with the Swap Collateral Account Bank and the Account Bank, save where such account is immediately charged in favour of the Trustee so as to form part of the Security described in Certificates Condition 2 (*Status, Security and Administration*) and where the Trustee receives an acknowledgement from such bank or financial institution of the security rights and interests of the Trustee and an agreement that it will not exercise any right of set-off it might otherwise have against the account in question;

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

(iv) act as a director of any company;

(c) ***Dividends or Distributions***

pay any dividend or make any other distribution to its shareholders except from amounts standing to the credit of the Issuer Profit Ledger;

(d) ***Borrowings***

incur or permit to subsist any indebtedness in respect of borrowed money whatsoever or give any guarantee in respect of any obligation of any person;

(e) ***Merger***

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

(f) ***Disposal of Assets***

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

(g) ***Tax Grouping***

be (or ever have been) a member of a VAT (Value Added Tax) group;

(h) ***Independent Director***

at any time have fewer than one independent director;

(i) ***Deed Poll***

following the exercise of any right under the Deed Poll to purchase the Mortgage Pool in accordance with the terms of the Deed Poll, the Issuer shall not seek to enter into an arrangement with any other third party to sell the Mortgage Pool and/or participate in any arrangement which frustrates the rights of the Mortgage Pool Option Holder to complete any such acquisition of the Mortgage Pool, unless the Seller has initiated a Market Portfolio Sale;

(j) ***Risk Retention Regulatory Change Deed Poll***

following the exercise of any right under the Risk Retention Regulatory Change Deed Poll to purchase the Mortgage Pool in accordance with the terms of the Risk Retention Regulatory Change Deed Poll, the Issuer shall not seek to enter into an arrangement with any other third party to sell the Mortgage Pool and/or participate in any arrangement which frustrates the rights of the Risk Retention Regulatory Change Option Holder to complete any such acquisition of the Mortgage Pool;

(k) ***Other***

permit any of the Transaction Documents, the Insurance Contracts relating to the Mortgages owned by the Issuer or the priority of the security interests created thereby to be amended, invalidated, rendered ineffective, terminated or discharged, or consent to any variation 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 Transaction Documents or Insurance Contracts or any other person whose obligations form part of the Security to be released from such obligations, or dispose of any Mortgage save as envisaged in the Transaction Documents and **provided that** the Issuer may enter into Swap Agreements if required.

4. **Certificate Payments and Optional Redemption of the Notes**

(a) ***Right to Certificate Payments***

Each Certificate bears a right to receive (i) a Residual Payment plus any amounts equal to any Excess Mortgage Early Redemption Amounts, (ii) on the Issue Date, Excess X Note Proceeds, (iii) on the first Interest Payment Date, any surplus amount standing to the credit of the Start-Up Costs Ledger as at the first Determination Date, and (iv) an amount equal to any SC to I Upfront Rebalancing Payment.

(b) ***Payment***

Payments on the Certificates are payable in Sterling on each Interest Payment Date commencing on the first Interest Payment Date.

(c) ***Record Date***

Each payment in respect of a Certificate will be made to the person shown as the Certificateholder in the Register at the opening of business in the place of the Registrar's specified office on the fifteenth day before the due date for such payment (the "**Record Date**"). The person shown in the Register at the opening of business on the relevant Record Date in respect of a Global Certificate shall be the only person entitled to receive payments in respect of any Certificate represented by such Global Certificate and the Issuer will be discharged by payment to, or to the order of, such person in respect of each amount so paid.



(d) ***Calculation of Certificate Payment Amount***

Upon or as soon as practicable prior to any Interest Payment Date, the Issuer shall calculate (or shall cause the Cash Administrator to calculate) (i) the amount payable on each Certificate under the relevant Priority of Payments plus any amount payable on each Certificate with respect to any Excess Mortgage Early Redemption Amounts and received in respect of a Loan by the Issuer during the prior Determination Period (ii) on the first Interest Payment Date, any surplus amount standing to the credit of the Start-Up Costs Ledger as at the first Determination Date and (iii) on the Issue Date any Excess X Note Proceeds (the "**Certificate Payment Amount**").

(e) ***Calculations Final and Binding***

Each calculation by or on behalf of the Issuer of any Certificate Payment Amount shall, in the absence of manifest error be final and binding on all persons.

(f) ***Notification of Certificate Payment Amount and Interest Payment Date***

As soon as practicable, prior to each Interest Payment Date, the Issuer or, if acting in accordance with Certificates Condition 4(e) (*Calculations Final and Binding*) above, the Cash Administrator will cause each:

- (i) Certificate Payment Amount for the related Interest Payment Date; and
- (ii) after each Determination Date, the Agent Bank will cause the Interest Payment Date next following the related Interest Period, to be notified to the Issuer, the Cash Administrator (as applicable), the Trustee, the Registrar and the Principal Paying Agent.

(g) ***Payments on business days***

If the due date for payment of any amount in respect of any Certificate is not a business day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding business day in such place, and shall not be entitled to any further interest or other payment in respect of such delay. In this Certificate Condition 4(g), "**business day**" means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a sterling-denominated account as referred to above, on which dealings in foreign currencies may be carried on both in London and in such place of presentation.

(h) ***Paying Agents***

The initial Paying Agent and its initial specified office is listed below. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, **provided that** it will maintain a Principal Paying Agent.

The initial specified office of the Paying Agent is at:

*Principal Paying Agent*

Citibank, N.A., London Branch

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB

Notice of any change in the Paying Agents or their specified offices will promptly be given to the Trustee and the Certificateholders in accordance with Certificates Condition 11 (*Notice to Certificateholders*).

(i) ***Incorrect Payments***

The Cash Administrator will, from time to time, notify Certificateholders in accordance with the terms of Certificates Condition 11 (*Notice to Certificateholders*) of any over-payment or under-payment of which it has actual notice made on any Interest Payment Date to any party entitled to the same pursuant to the Pre-Enforcement Priority of Payments. Following the giving of such a notice, the Cash Administrator shall rectify such over-payment or under-payment by increasing or, as the case may be decreasing payments to the relevant parties on any subsequent Interest Payment Date or Interest Payment Dates (if applicable) to the extent required to correct the same. Any notice of over-payment or under-payment pursuant to this Notes Condition 4(i) shall contain reasonable details of the amount of the same, the relevant parties and the adjustments to be made to future payments to rectify the same. Neither the Issuer nor the Cash Administrator shall have any liability to any person for making any such correction.

(j) ***Optional Redemption in Full at the direction of the Mortgage Pool Option Holder***

(i) **Provided that:**

- (A) at the direction of the Mortgage Pool Option Holder, the Issuer delivers to the Trustee a certificate signed by two directors of the Issuer stating that it will on the date for redemption have the necessary funds from a sale of the Charged Property pursuant to the Deed Poll (together with any amounts then standing to the credit of the Bank Accounts and any other funds available to the Issuer) as would be required to (I) redeem all of the Notes then outstanding in full together with accrued and unpaid interest on such Notes; (II) pay amounts required under the Post-Enforcement Priority of Payments to be paid in priority to or *pari passu* with the Notes on such Interest Payment Date; and (III) pay any other costs associated with the exercise of the optional call; and
- (B) on or prior to the Interest Payment Date on which the relevant notice of optional redemption expires, no Enforcement Notice has been served following an Event of Default,

the Issuer may redeem the Notes in whole, but not in part, on any Interest Payment Date on or after the Mortgage Pool Option Date, on giving not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Notes Condition 13 (*Notice to Noteholders*) (which notice shall be irrevocable) (the "**notice of optional redemption**").

(ii) **Provided that:**

- (A) the aggregate Principal Amount Outstanding of the Senior Notes is less than or equal to 20 per cent. of the aggregate Principal Amount Outstanding of the Senior Notes upon issue;
- (B) the Issuer delivers to the Trustee a certificate signed by two directors of the Issuer stating that it will on the date for redemption have the necessary funds from a sale of the Charged Property to the holders of the Certificates (together with any amounts then standing to the credit of the Bank Accounts and any other funds available to the Issuer) required to (I) redeem all of the Notes then outstanding in full together with accrued and unpaid interest on such Notes; (II) pay amounts required under the Post-Enforcement Priority of Payments to be paid in priority to or *pari passu* with the Notes on such Interest Payment Date; (III) pay any other costs associated with the exercise of the optional call; and
- (C) on or prior to the Interest Payment Date on which such notice expires, no Enforcement Notice has been served following an Event of Default,

the Issuer may redeem the Notes in whole, but not in part, on any Interest Payment Date, on giving not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Notes Condition 13 (*Notice to Noteholders*) (which notice shall be irrevocable).

- (iii) In the event the Mortgage Pool Option Holder fails to exercise the Mortgage Pool Option on or before the Interest Period immediately succeeding the Interest Payment Date occurring after the Mortgage Pool Option Date, the Seller shall undertake to use reasonable endeavours to appoint a third party liquidation agent, which shall be an independent adviser of recognised standing (a "**Liquidation Agent**"), as agent of the Issuer, as soon as practically possible thereafter, who will seek offers from third parties to purchase and accept transfer, assignment and/or assignment of the Mortgage Pool and its Collateral Security (a "**Market Portfolio Sale**") for a purchase price which is at least equal to the Market Sale Minimum Price. Any such Market Portfolio Sale shall be carried out in compliance with the terms of the Deed Poll and the Mortgage Sale Agreement, including compliance with the Portfolio Auction Conditions.

(k) ***Optional Redemption in Full Following the Exercise of a Risk Retention Regulatory Change Option***

(i) **provided that:**

- (A) following the exercise of the Risk Retention Regulatory Change Option by the Risk Retention Regulatory Change Option Holder, the Issuer delivers to the Trustee a certificate signed by two directors of the Issuer stating that it will on the date for redemption have the necessary funds from a sale of the Charged Property pursuant to the Risk Retention Regulatory Change Deed Poll together with any amounts then standing to the credit of the Bank Accounts and any other funds available to the Issuer required to (I) redeem all of the Notes then outstanding in full together with accrued and unpaid interest on such Notes, (II) pay amounts required under the Post-Enforcement Priority of Payments to be paid in priority to or *pari passu* with the Notes on such Interest Payment Date; and (III) pay any other costs associated with the exercise of the optional call; and
- (B) on or prior to the Interest Payment Date on which such notice expires, no Enforcement Notice has been served following an Event of Default,

the Issuer may redeem the Notes in whole, but not in part, on any Interest Payment Date, on giving not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Notes Condition 13 (*Notice to Noteholders*) (which notice shall be irrevocable).

(l) ***Cancellation***

The Certificates will be cancelled upon the earliest to occur of (i) the redemption in full of the Notes; and (ii) the Final Discharge Date.

5. **Taxation**

All payments in respect of the Certificates will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments 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 Certificates subject to any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or charges of whatsoever nature or in connection with FATCA. 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, any other Paying Agent, nor any other person will be obliged to make any additional

payments to Certificateholders in respect of such withholding or deduction or in connection with FATCA.

## 6. **Events of Default**

Subject to the other provisions of this Certificates Condition 6, each of the following events shall be treated as an "**Event of Default**" in relation to the Certificates.

- (a) The Issuer fails to pay a Certificate Payment Amount within 3 Business Days following the due date for payment; or
- (b) the Issuer failing duly to perform or observe any other obligation binding upon it under the Certificates or the Trust Deed, as applicable, and, in any such case (except where the Trustee certifies that, such failure is (I) in the opinion of the Trustee, incapable of remedy or (II) in the opinion of the Trustee, capable of remedy but remains unremedied for a period of 30 days (or such longer period as the Trustee may permit)) following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
- (c) the Issuer, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in paragraph (e) 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; or
- (d) 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 a Certificates Extraordinary Resolution of the Certificateholders; or
- (e) 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 or filing documents with the court or making an application for the appointment of an administrator or liquidator or serving a notice of intent to appoint an administrator) 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, assignment, assignation or trust for the benefit of its creditors generally; or
- (f) it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Certificates or the Transaction Documents,

**provided that**, in the case of each of the events described in paragraph (b) above, the Trustee shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the holders of the Most Senior Class.

## 7. **Enforcement of Security, Limited Recourse and Non-Petition**

### (a) ***Enforcement of Security***

At any time after an Enforcement Notice has been served, the Trustee may, in its absolute discretion and without further notice, (i) take such proceedings and/or other action or steps against or in relation to the Issuer or any other person as it may think fit to enforce the provisions of the Certificates, the Trust Deed, these Certificates Conditions and the other Transaction Documents to which it is a party, and (ii) take such steps as it may think fit to enforce the Security, but it shall not be bound to do so unless:

- (i) it shall have been directed by a notice in writing by holders of at least 25 per cent. in number of the Certificateholders: and
- (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

No Certificateholder 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.

(b) **Limited Recourse**

(i) *Enforcement of Security*

Only the Trustee may enforce the Security over the Charged Property in accordance with, and subject to the terms of, the Deed of Charge and any Scottish Trust Security.

(ii) *Insufficient Recoveries*

If at any time following:

(A) the occurrence of either:

- (1) the Interest Payment Date falling in December 2056 or any earlier date upon which all of the Notes of each Class and the Certificates are due and payable; or
- (2) the service of an Enforcement Notice; and

(B) Realisation of the Charged Property and application in full of any amounts available to pay amounts due and payable under the Notes in accordance with the applicable Post-Enforcement Priority of Payments,

the proceeds of such Realisation are insufficient, after the same have been allocated in accordance with the applicable priority of payments, to pay in full all claims ranking in priority to the Notes and Certificates and all amounts then due and payable under any class of Notes and Certificates then the amount remaining to be paid (after such application in full of the amounts first referred to in paragraph (b) above) under such class of Notes (and any class of Notes junior to that class of Notes) shall, on the day following such application in full of the amounts referred to in paragraph (b) above, cease to be due and payable by the Issuer.

For the purposes of this Certificates Condition 7:

**"Realisation"** means, in relation to any Charged Property, the deriving, to the fullest extent practicable, (in accordance with the provisions of the Transaction Documents) of proceeds from or in respect of such Charged Property including (without limitation) through sale or through performance by an obligor.

**"Charged Property"** means the property of the Issuer which is subject to the Security.

(iii) *Certificateholder Acknowledgments*

Each Certificateholder, is deemed to accept and acknowledge that:

- (A) in the event of realisation or enforcement of the Charged Property, its right to obtain payment on the Certificates in full is limited to recourse against the undertaking, property and assets of the Issuer comprised in the Charged Property; and

(B) the Issuer will have duly and entirely fulfilled its payment obligations by making available to such Certificateholder its proportion of the proceeds of realisation or enforcement of the Charged Property in accordance with the Post-Enforcement Priority of Payments and all claims in respect of any shortfall will be extinguished and discharged; and

(c) ***Non-Petition***

No Certificateholder may take any corporate action or other steps or legal proceedings for the winding-up, dissolution, arrangement, reconstruction or reorganisation of the Issuer.

8. **Meetings of Certificateholders; Modifications; Consents; Waiver**

(a) The Trust Deed contains provisions for convening separate or combined meetings of the Certificateholders to consider matters relating to the Certificates, including subject to Certificates Condition 11(g) (*Substitution*) the sanctioning by Certificates Extraordinary Resolution of a modification of any of these Certificates Conditions or any provisions of the other Transaction Documents.

(b) Any Certificates Extraordinary Resolution or any Certificates Ordinary Resolution duly passed by a meeting of the Certificateholders shall be binding on all Certificateholders (whether or not they were present at the meeting at which such resolution was passed and whether or not voting).

No Certificates Extraordinary Resolution to approve any matter other than a Certificates Basic Terms Modification shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the Classes of Notes then outstanding ranking senior to the Certificates (to the extent that there are Notes ranking senior to the Certificates) unless, the Trustee is of the opinion that it will not be materially prejudicial to the interests of the holders of any Notes or it is sanctioned by an Extraordinary Resolution of the holders of such Notes. Except in certain circumstances the Trust Deed imposes no such limitations on the powers of the holders of any Class of Notes or Certificates the exercise of which will be binding on themselves and any junior Class of Notes or Certificates, irrespective of the effect on their interests.

(c) ***Quorum***

The quorum at any meeting of Certificateholders of a particular Class for passing:

(i) a Certificates Extraordinary Resolution to approve a Certificates Basic Terms Modification, shall be one or more persons holding or representing, in aggregate, (x) not less than 75 per cent. of the outstanding Certificates for the initial meeting or (y) in relation to any adjourned meeting, not less than 25 per cent. of the outstanding Certificates;

(ii) a Certificates Extraordinary Resolution to approve any matter other than a Certificates Basic Terms Modification, shall be one or more persons holding or representing, in aggregate, (x) more than 50 per cent. of the outstanding Certificates or (y) in relation to any adjourned meeting, any proportion of the Certificates which the persons constituting the quorum is holding or representing; and

(iii) a Certificates Ordinary Resolution, shall be one or more persons holding or representing, in aggregate, not less than (x) 25 per cent. of the outstanding Certificates for the initial meeting and (y) in relation to any adjourned meeting, any proportion of the Certificates which the person constituting the quorum is holding or representing.

Subject to the provisions of the Trust Deed, the holder of the Global Certificate shall be treated as two Certificateholders for the purposes of constituting a quorum for the purposes of meeting the quorum requirements of a meeting of Certificateholders.

(d) ***Modification and Waiver***

The Trustee may agree, without the consent or sanction of any of, or any liability to, the Certificateholders, to:

- (i) (I) any modification of any of the provisions of the Trust Deed, the Conditions or any of the other Transaction Documents which is, in its opinion, of a formal, minor or technical nature or is made to correct a manifest error, and (II) any other modification (excluding a Certificates Basic Terms Modification), and any waiver or authorisation of any breach or proposed breach of the Certificates, of any of the provisions of the Trust Deed, the Conditions or any of the other Transaction Documents which is in the opinion of the Trustee not materially prejudicial to the interests of the holders of the Most Senior Class (other than any holders of the Most Senior Class who have confirmed their consent in writing to the relevant modification, waiver or authorisation) provided that, in respect of any modification of, or in connection with, the Deed Poll and the Mortgage Pool Option or Risk Retention Regulatory Change Deed Poll and the Risk Retention Regulatory Change Option granted therein, the written consent of the Mortgage Pool Option Holder or the Risk Retention Regulatory Change Option Holder respectively has been provided to the Trustee; or
- (ii) determine that an Event of Default or Potential Event of Default will not be treated as such where in the opinion of the Trustee such waiver, authorisation or determination is not materially prejudicial to the interests of the holders of the Most Senior Class (other than any holders of the Most Senior Class who have confirmed their consent in writing to the relevant waiver, authorisation or determination),

**provided that** in the case of a waiver or authorisation the Trustee will not do so in contravention of an express direction given by a Certificates Extraordinary Resolution of holders of the Most Senior Class or a request made pursuant to Certificates Condition 6 (*Events of Default*). Any such modification, authorisation, determination or waiver shall be binding on the Certificateholders and, if the Trustee so requires, the Issuer will arrange for it to be notified to the Certificateholders as soon as practicable.

The prior written consent (or deemed consent) of the Swap Counterparty is required to modify or supplement any provision of the Transaction Documents, the Notes Conditions or the Certificates Conditions if, in the reasonable opinion of the Swap Counterparty, such modification or supplement would materially adversely affect any of the following:

- (iii) the amount, timing or priority of any payments or deliveries due to be made by or to the Swap Counterparty under the Notes Conditions, the Certificates Conditions or any Transaction Document;
- (iv) the Issuer's ability to make such payments or deliveries to the Swap Counterparty;
- (v) the Swap Counterparty's rights in relation to any security (howsoever described, and including as a result of changing the nature or the scope of, or releasing such security) granted by the Issuer in favour of the Trustee on behalf of the Secured Creditors;
- (vi) any amendment to Condition 5 (*Redemption*) of the Notes Conditions or any additional redemption rights in respect of the Notes; or
- (vii) Clause 20.1.2 (*Modification*) of the Trust Deed.

The Issuer shall notify in writing the Swap Counterparty and the Trustee of any proposed modification or supplement to any provisions of the Transaction Documents, the Notes Conditions or the Certificate Conditions that may affect any of the items listed in the previous paragraph at least 21 days (exclusive of the day on which the notice is given and of the day that the modification or supplement is intended to be effected) prior to such modification or supplement being effected, notwithstanding any other provision of the

Transaction Documents, the Notes Conditions or the Certificate Conditions. The Swap Counterparty may notify the Issuer in writing if, in the Swap Counterparty's reasonable opinion, such modification or supplement would materially adversely affect any of the items listed in the previous paragraph. If the Issuer receives notification (the "**Notification**") from the Swap Counterparty that the Swap Counterparty has determined that the modification and/or supplement would not affect any of the items listed in the previous paragraph or that the Swap Counterparty otherwise consents to such modification and/or supplement, such modification and/or supplement may take effect at any time from and including the date of receipt of the Notification. If the Issuer does not receive any such determination or a Notification by the expiry of such notice period, the Swap Counterparty shall be deemed to have consented to such modification or supplement. If the Swap Counterparty has not received notice in accordance with this paragraph, the proposed modification or supplement shall not be effective.

The Trustee shall be obliged, without any consent or sanction of the Noteholders, the Certificateholders or, subject to the receipt of consent from any of the Secured Creditors party to the Transaction Document being modified or whose ranking in any Priority of Payments is affected, any of the other Secured Creditors, to concur with the Issuer in making any modification (other than in respect of a Notes Basic Terms Modification and a Certificates Basic Terms Modification) to the Notes Conditions, the Certificates Conditions and/or any other Transaction Document to which it is a party or in relation to which it holds security to or enter into any new, supplemental or additional documents that the Issuer considers necessary in order to enable the Issuer to comply with any requirements which apply to it under EMIR, subject to receipt by the Trustee of a certificate issued by (i) the Issuer or (ii) the Servicer on behalf of the Issuer certifying to the Trustee the requested amendments are to be made solely for the purpose of enabling the Issuer to satisfy its requirements under EMIR and have been drafted solely to that effect.

The Trustee shall be obliged, without any consent or sanction of the Noteholders, the Certificateholders or, subject to the receipt of consent from any of the Secured Creditors party to the Transaction Document being modified or whose ranking in any Priority of Payments is affected, any of the other Secured Creditors, to concur with the Issuer in making any modification (other than in respect of a Notes Basic Terms Modification or a Certificates Basic Terms Modification) to the Notes Conditions, the Certificates Conditions and/or any other Transaction Document to which it is a party or in relation to which it holds security to or enter into any new, supplemental or additional documents that the Issuer considers necessary in order to enable the Issuer to comply with any obligation which applies to it under the Securitisation Regulation, including as a result of the adoption of regulatory or implementing technical standards in relation to the Securitisation Regulation or any other legislation or regulations or official guidance in relation thereto, subject to receipt by the Trustee of a certificate issued by (i) the Issuer or (ii) the Servicer on behalf of the Issuer certifying to the Trustee the requested amendments are to be made solely for the purpose of enabling the Issuer to comply with its obligations that apply to it under the Securitisation Regulation (including as a result of the adoption of regulatory or implementing technical standards in relation to the Securitisation Regulation or any other legislation or regulations or official guidance in relation thereto) and have been drafted solely to that effect.

The Trustee shall be obliged, without any consent or sanction of the Noteholders, the Certificateholders or, subject to the receipt of consent from any of the Secured Creditors party to the Transaction Document being modified or whose ranking in any Priority of Payments is affected, any of the other Secured Creditors, to concur with the Issuer in making any modification (other than in respect of a Notes Basic Terms Modification or a Certificates Basic Terms Modification) to the Notes Conditions, the Certificates Conditions and/or any other Transaction Document to which it is a party or in relation to which it holds security to or enter into any new, supplemental or additional documents that the Issuer considers necessary in order to facilitate the appointment of a replacement Servicer appointed by the Issuer in accordance with the terms of the Servicing Agreement, subject to receipt by the Trustee of a certificate issued by (i) the Issuer or (ii) the Servicer Facilitator on behalf of the Issuer certifying to the Trustee the requested amendments are



to be made solely for the purpose of facilitating the appointment of a replacement Servicer appointed by the Issuer in accordance with the terms of the Servicing Agreement and have been drafted solely to that effect.

The Trustee shall be obliged, without any consent or sanction of the Noteholders or the Certificateholders or, subject to the receipt of consent from any of the Secured Creditors party to the Transaction Document being modified or whose ranking in any Priority of Payments is affected, any of the other Secured Creditors, to concur with the Issuer in making any modification (other than in respect of a Notes Basic Terms Modification or a Certificates Basic Terms Modification) to the Notes Conditions, the Certificates Conditions and/or any other Transaction Document to which it is a party or in relation to which it holds security to or enter into any new, supplemental or additional documents that the Issuer considers necessary in order to facilitate the appointment of a replacement Cash Administrator appointed by the Issuer in accordance with the terms of the Cash Administration Agreement, subject to receipt by the Trustee of a certificate issued by (i) the Issuer or (ii) the Cash Administrator Facilitator on behalf of the Issuer certifying to the Trustee the requested amendments are to be made solely for the purpose of facilitating the appointment of a replacement Cash Administrator appointed by the Issuer in accordance with the terms of the Cash Administration Agreement and have been drafted solely to that effect.

In respect of the amendments effected pursuant to this Certificates Condition 8(d), the Trustee shall, in relation only to its obligation to make an amendment related to EMIR, the Securitisation Regulation or any other legislation or regulations or official guidance in relation thereto, a replacement Servicer and/or a replacement Cash Administrator, not consider the impact of such modifications on the interests of any Noteholders, Certificateholders, Secured Creditor or any other person and shall act and rely solely and without further investigation or enquiry on any certificate or evidence provided to it by the Issuer or relevant Transaction Party, as the case may be and shall not be liable to the Noteholders, the Certificateholders, any other Secured Creditors or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of such person.

Any such modifications permitted by this Certificates Condition 8(d) shall be binding on the Noteholders, Certificateholders and other Secured Creditors and, unless the Trustee otherwise agrees, the Issuer shall cause such modification to be notified to the Noteholders and Certificateholders as soon as practicable thereafter in accordance with Notes Condition 13 (*Notice to Noteholders*) and Certificates Condition 11 (*Notice to Certificateholders*). So long as the Rated Notes, or any of them, are rated by the Rating Agencies the Issuer shall notify each of the Rating Agencies of any modification made by it in accordance with this Certificates Condition 8(d) as soon as reasonably practicable thereafter.

The Trustee shall not be obliged to agree to any modification of the Trust Deed, the Notes Conditions, the Certificates Conditions or any other Transaction Document which (in the sole opinion of the Trustee) would have the effect of: (x) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction; or (y) increasing the obligations or duties, or decreasing the protections or rights of the Trustee in the Transaction Documents, the Trust Deed and/or the Conditions.

(e) ***Substitution***

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as are set out in the Trust Deed or as the Trustee may otherwise require, but without the consent of, or any liability to, the Certificateholders, to the substitution of certain other entities in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Certificates. In the case of such a substitution the Trustee may agree, without the consent of the Certificateholders to a change of the law governing Certificates and/or the Trust Deed.

(f) ***Evidence of Certificates***

Where for the purposes of these Certificates Conditions the Trustee or any other party to the Transaction Documents requires a Certificateholder holding Certificates through Euroclear or Clearstream, Luxembourg to establish its holding of the Certificates to the satisfaction of such party, such holding shall be considered to be established (and the Certificateholder in respect of which such holding is established shall be a "**Verified Certificateholder**") if such Certificateholder provides to the requesting party with regard to the relevant date:

- (i) a Euclid Statement (in the case of Euroclear) or a Creation Online Statement (in the case of Clearstream, Luxembourg) in each case providing confirmation at the time of issue of the same of such person's holding in the Certificates; and
- (ii) if the relevant Certificates are held through one or more custodians, a signed letter dated as of the date of the Euclid Statement or the Creation Online Statement from each such custodian confirming on whose behalf it is holding such Certificates such that the Trustee or any other party to the Transaction Documents is able to verify to its satisfaction the chain of ownership to the beneficial owner.

If in connection with verifying its holding the Trustee or any other party to the Transaction Documents requires a Certificateholder to temporarily block its Certificates in Euroclear or Clearstream, Luxembourg, such Certificateholder will be required to instruct Euroclear or Clearstream, Luxembourg (via its custodian) to do so.

(g) ***Entitlement of the Trustee***

In connection with the exercise of its functions (including but not limited to those referred to in this Certificates Condition 8) the Trustee:

- (i) shall have regard to the interests of the Certificateholders as a class and shall not have regard to the consequences of such exercise for individual Certificateholders and the Trustee shall not be entitled to require, nor shall any Certificateholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Certificateholders; and
- (ii) may, in determining whether or not a proposed action will be materially prejudicial to the Certificateholders, have regard to, among other things, a Rating Agency Confirmation.

9. **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 and/or secured and/or pre-funded to its satisfaction. The Trustee and its related companies are entitled to enter into business transactions with, *inter alios*, the Issuer, the Servicer, the Cash Administrator, the Legal Title Holder 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 Servicer, the Cash Administrator or (as the case may be) the Legal Title Holder or any agent or related company of the Servicer, the Cash Administrator, the Legal Title Holder 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 monitor or supervise compliance by the Issuer, the Servicer, the Cash Administrator or the Legal Title Holder with their respective obligations or to make any searches, enquiries, or independent investigations of title in relation to any of the properties secured by the Mortgages.

10. **Replacement of Certificates**

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Paying Agent, as listed in Certificates Condition 4(h) (*Paying Agents*) above, subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (**provided that** the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

11. **Notice to Certificateholders**

For so long as the relevant Certificates are in global form, any notice to Certificateholders shall be validly given to the relevant Certificateholders if sent to the Clearing Systems for communication by them to the holders of the relevant Certificates and shall be deemed to be given on the date on which it was sent. If Definitive Certificates are issued, any notice to the holders thereof shall be validly given if sent by first class mail to them at their respective addresses in the Register (or the first named of joint holders) and notice shall be deemed to have been given on the second Business Day after the date of the mailing.

The Trustee shall be at liberty to sanction some other method of giving notice to the Certificateholders if, in its opinion, such other method is reasonable having regard to market practice then prevailing and **provided that** notice of such other method is given to the Certificateholder in such manner as the Trustee shall require.

Any notices given to the Certificateholders by the Issuer or the Trustee shall also be sent concurrently to the Swap Counterparty.

12. **Governing Law**

The Transaction Documents and the Certificates and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law (other than Transaction Documents specific to the Scottish Loans, which shall be governed by and construed in accordance with Scots law).

13. **Privity of Contract**

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

14. **Interpretation**

In these Certificates Conditions:

"**Appointee**" means any delegate, agent, nominee, custodian, attorney or manager appointed or employed by the Trustee pursuant to the provisions of the Transaction Documents;

"**Business Day**" means a day on which commercial banks and foreign exchange markets settle payments in London and Dublin and which is a TARGET2 Settlement Day;

"**Certificates Basic Terms Modification**" means any modification to (a) the maturity date of the Certificates and Notes or the dates on which interest is payable on the Notes, (b) the date of payment of principal, interest or any other amount in respect of any Class of Notes, or, where applicable, of the method of calculating the date of payment of principal, interest or any other amount in respect of any Class of Notes, or of the method of calculating the date of payment in respect of the Certificates, except in accordance with Notes Condition 11(f) (*Modification and Waiver in relation to the Reference Rate*), (c) the amount of principal, the rate of interest or any other amount payable in respect of any Class of Notes or Certificates or the priority of payment of such amount, or where applicable, of the method of calculating the amount payable of any principal, interest or any other amount payable in respect of any Class of Notes or of the method of calculating the amounts payable in respect of the Certificates, except in accordance with Notes

Condition 11(f) (*Modification and Waiver in relation to the Reference Rate*) (d) the modification or addition of any other amount payable ranking ahead of or *pari passu* with any Class of Notes or Certificates, including any fees payable by the Issuer to any third party (save as permitted or contemplated under the terms of the Transaction Documents), (e) the priority of residual payments on the Certificates, (f) the currency of payment of the Certificates, (g) the definition of Notes Basic Terms Modification, (h) the definition of Certificates Basic Terms Modification, (i) the definition of Event of Default (j) the provisions concerning the quorum required at any meeting of Certificateholders or the majority required to effect a Certificates Basic Terms Modification or to pass a Certificates Extraordinary Resolution, (k) the definition of the Mortgage Pool Option Date, (l) any changes to the terms of the Deed Poll or any provisions concerning the exercise of the optional call thereunder, including Notes Condition 5(d) (*Optional Redemption in Full at the Direction of the Mortgage Pool Option Holder*), (m) any changes to the terms of the Risk Retention Regulatory Change Deed Poll or any provisions concerning the exercise of the optional call thereunder, including Notes Condition 5(e) (*Optional Redemption in Full Following the Exercise of a Risk Retention Regulatory Change Option*), (n) the provisions concerning limited recourse and non-petition in relation to the Issuer including Certificates Condition 7 (*Enforcement of Security, Limited Recourse and Non-Petition*), (o) the Notes Condition 3 (*Covenants of the Issuer*) or (p) any waiver of any proposal or actual breach of any of the covenants (including any Event of Default or Potential Event of Default) or provisions contained in or arising pursuant to the Notes Conditions, Certificates Conditions or any Transaction Documents by any party thereto which would have the effect of any of the foregoing;

**"Certificates Extraordinary Resolution"** means:

- (a) a resolution passed at a duly convened meeting of the Certificateholders and held in accordance with the provisions of the Trust Deed by a majority consisting of not less than 75 per cent. of the persons voting thereat upon a show of hands, or if a poll is demanded, by a majority consisting of not less than 75 per cent. of the votes cast on such poll; or
- (b) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. of the Certificates, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such holders;

**"Certificates Ordinary Resolution"** means:

- (a) a resolution passed at a duly convened meeting of the Certificateholders and held in accordance with the provisions of the Trust Deed by a majority consisting of not less than 50.1 per cent. of the persons voting thereat upon a show of hands, or if a poll is demanded, by a majority consisting of not less than 50.1 per cent. of the votes cast on such poll; or
- (b) a resolution in writing signed by or on behalf of the holders of not less than 50.1 per cent. of the Certificates, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such holders;

**"Enforcement Notice"** means a notice given by the Trustee to the Issuer under Certificates Condition 6 (*Events of Default*) of the Certificates; and

**"Most Senior Class"** means the A Notes for so long as there are any A Notes outstanding; thereafter the B Notes for so long as there are any B Notes outstanding; thereafter the C Notes for so long as there are any C Notes outstanding; thereafter the D Notes for so long as there are any D Notes outstanding; thereafter the E Notes for so long as there are any E Notes outstanding; thereafter the F Notes for so long as there are any F Notes; outstanding thereafter the G Notes for so long as there are any G Notes outstanding; thereafter the X Notes for so long as there are any X Notes outstanding; thereafter the Z Notes for so long as there are any Z Notes outstanding; and thereafter the Certificates for so long as there are any Certificates outstanding.

## UNITED KINGDOM TAXATION

*The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Notes. It is based on current law and the practice of Her Majesty's Revenue and Customs ("HMRC"), which may be subject to change, sometimes with retrospective effect. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of the Notes (other than in relation to the comments below concerning stamp taxes). The comments relate only to the position of persons who are absolute beneficial owners of the Notes. The following is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes and the stamp tax position of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.*

### **United Kingdom Withholding Tax**

The Notes issued by the Issuer which carry a right to interest will constitute "quoted Eurobonds" provided they are and continue to be listed on a recognised stock exchange. Whilst the Notes are and continue to be quoted Eurobonds, payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax.

Securities will be "listed on a recognised stock exchange" for this purpose if they are admitted to trading on an exchange designated as a recognised stock exchange by an order made by the Commissioners for HMRC and either they are included in the United Kingdom official list (within the meaning of Part 6 of the FSMA) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange.

Euronext Dublin is a recognised stock exchange. The Issuer's understanding of current HMRC practice is that securities which are officially listed and admitted to trading on the Regulated Market of Euronext Dublin are regarded as "listed on a recognised stock exchange" for these purposes.

In all cases falling outside the exemption described above, interest on the Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

### **Stamp Duty and Stamp Duty Reserve Tax**

No United Kingdom stamp duty or stamp duty reserve tax is payable on the issue of the Notes or on the transfer of a Rated Note in accordance with the terms of the Transaction Documents.

No United Kingdom stamp duty or stamp duty reserve tax is chargeable on the issue of the Certificates.

United Kingdom stamp duty may be chargeable on any instruments transferring a Certificate (including where such Certificates are in definitive form) and Certificateholders are advised to consult with their professional advisors in respect of matters relating to the acquisition and holding of the Certificates.

### **Other Rules Relating to United Kingdom Withholding Tax**

Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

The references to "**interest**" above mean "interest" as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law.

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of an issuer pursuant to Notes Condition 11(g) (*Substitution*) or otherwise and does not consider the tax consequences of any such substitution.

## PURCHASE AND SALE

This Prospectus has been approved by the Central Bank of Ireland as the Irish competent authority under the Prospectus Directive. The Central Bank of Ireland has only approved this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application will be made to Euronext Dublin for the Notes to be admitted to the official list and trading on its regulated market.

The Joint Lead Managers, the Issuer and the Seller have entered into a note purchase agreement (the "**Note Purchase Agreement**") pursuant to which the Joint Lead Managers have agreed to purchase or procure purchasers for the Notes (other than the Retained Interest) (the "**Subscribed Notes**").

The Risk Retention Holder has entered into a Retention Letter pursuant to which the Risk Retention Holder has agreed to subscribe for, and retain the Retained Interest.

On the Issue Date, the Issuer will issue:

- (a) the A Notes at an issue price of 100 per cent. of the principal amount of the A Notes;
- (b) the B Notes at an issue price of 100 per cent. of the principal amount of the B Notes;
- (c) the C Notes at an issue price of 100 per cent. of the principal amount of the C Notes;
- (d) the D Notes at an issue price of 100 per cent. of the principal amount of the D Notes;
- (e) the E Notes at an issue price of 100 per cent. of the principal amount of the E Notes;
- (f) the F Notes at an issue price of 99.25 per cent. of the principal amount of the F Notes;
- (g) the G Notes at an issue price of 91.50 per cent. of the principal amount of the G Notes.
- (h) the X Notes at an issue price of 100 per cent. of the principal amount of the X Notes; and
- (i) the Z Notes at an issue price of 69 per cent. of the principal amount of the Z Notes.

On the Issue Date, the Issuer will also issue the Certificates. The Certificates will be fully retained by the Seller.

The Issuer and (in respect of certain expenses only) the Seller have agreed in the Note Purchase Agreement to reimburse and indemnify the Joint Lead Managers for certain of their expenses and liabilities in connection with the issue of Notes.

The Note Purchase Agreement is subject to a number of conditions and may be terminated by the Joint Lead Managers in certain circumstances prior to payment for the Subscribed Notes to the Issuer.

Except with the prior written consent of the Seller in the form of a U.S. Risk Retention Consent and where such sale falls within the exemption provided by Section 20 of the U.S. Risk Retention Rules, the Notes or the Certificates offered and sold by the Issuer may not be purchased by or for the account or benefit of any person except for persons that are not Risk Retention U.S. Persons.

Under the U.S. Risk Retention Rules, and subject to limited exceptions, "**U.S. Person**" means any of the following:

- (a) any natural person resident in the United States;
- (b) any partnership, corporation, limited liability company, or other organization or entity organized or incorporated under the laws of any State or of the United States;
- (c) any estate of which any executor or administrator is a U.S. person (as defined under any other clause of this definition);
- (d) any trust of which any trustee is a U.S. person (as defined under any other clause of this definition);
- (e) any agency or branch of a foreign entity located in the United States;

- (f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person (as defined under any other clause of this definition);
- (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and
- (h) any partnership, corporation, limited liability company, or other organization or entity if:
  - (i) organized or incorporated under the laws of any foreign jurisdiction; and
  - (ii) formed by a U.S. person (as defined under any other clause of this definition) principally for the purpose of investing in securities not registered under the Securities Act.

The material difference between such definitions is that (1) a "U.S. person" under Regulation S includes any partnership or corporation that is organized or incorporated under the laws of any foreign jurisdiction formed by one or more "U.S. persons" (as defined in Regulation S) principally for the purpose of investing in securities that are otherwise offered within the United States pursuant to an applicable exemption under the Securities Act unless it is organized or incorporated and owned by accredited investors (as defined in Rule 501(a) of Regulation D under the Securities Act) who are not natural persons, estates or trusts, while (2) any organization or entity described in (1) is treated as a "U.S. person" under the U.S. Risk Retention Rules, regardless of whether it is so organized and owned by accredited investors (as defined in Rule 501(a) of Regulation D under the Securities Act) who are not natural persons, estates or trusts.

On the Issue Date, the Notes may only be purchased by persons that are (a) not Risk Retention U.S. Persons or (b) persons that have obtained the prior written consent of the Seller. Purchasers of the Notes, including beneficial interests therein, will be deemed and in certain circumstances will be required to have made, certain acknowledgements, representations and agreements, including that it (1) is not a Risk Retention U.S. Person (unless it has obtained the prior written consent of the Seller), (2) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Note, and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules. Certain investors may be required to execute a written certification of representation letter by the Seller in respect of their status under the U.S. Risk Retention Rules. In any event, no more than 10 per cent. of the dollar value (or equivalent in pound sterling) of all Classes of Notes and Certificates issued in the transaction described in this Prospectus may be sold or transferred to, or for the account or benefit of the Risk Retention U.S. Persons. See "*Risk Factors – Compliance with U.S. Credit Risk Retention*" and "*Risk Factors – Financing of the risk retention piece – Risks relating to the U.S. Volcker Rule*".

### **United Kingdom**

Each of the Joint Lead Managers has represented to and agreed with the Issuer that:

- (a) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the 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 FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

### **United States**

The Notes and Certificates have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act ("**Regulation S**").

Each of the Joint Lead Managers has agreed that, except as permitted by the Note Purchase Agreement, it will not offer, sell or deliver the Notes or Certificates (i) as part of their distribution at any time or



(ii) otherwise until 40 days after the later of the commencement of the offering of the Notes or Certificates and the Issue Date (the "**Distribution Compliance Period**"), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells the Notes or Certificates during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes or Certificates within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meaning given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes and Certificates, an offer or sale of the Notes or Certificates within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

## **Ireland**

Each Joint Lead Manager has represented and agreed with the Issuer that:

- (a) it will not underwrite the issue of, or place the Notes and Certificates, otherwise than in conformity with the provisions of the European Union (Markets in Financial Instruments) Regulations 2017 of Ireland, as amended (the "**MiFID Regulations**"), including without limitation, Regulation 5 (Requirement for authorisation (and certain provisions concerning MTFs and OTFs)) thereof and in connection with the MiFID Regulations, any applicable codes of conduct or rules and any conditions or requirements, or any other enactment, imposed or approved by the Central Bank of Ireland, Regulation (EU) No 600/2014, as amended and any delegated or implementing acts adopted thereunder and the provisions of the Investor Compensation Act 1998 of Ireland as amended;
- (b) it will not underwrite the issue of, or place, the Notes and Certificates otherwise than in conformity with the provisions of the Companies Act 2014 of Ireland as amended, the Central Bank Acts 1942 to 2018 (as amended) of Ireland and any codes of conduct or practice made under Section 117(1) of the Central Bank Act 1989 of Ireland, as amended, or any regulations issued pursuant to Part 8 of the Central Bank (Supervision and Enforcement) Act 2013 of Ireland, as amended;
- (c) it will not underwrite the issue of, or place, or do anything in Ireland of respect to the Notes and Certificates otherwise than in conformity with the provisions of the Prospectus (Directive 2003/71/EC) Regulations 2005 of Ireland, as amended, and the Prospectus (Directive 2003/71/EC) (amendment) Regulations 2012 of Ireland, and any rules issued under Section 1363 of the Companies Act 2014 of Ireland, as amended, by the Central Bank of Ireland; and
- (d) it will not underwrite the issue of, place or otherwise act in Ireland in respect of the Notes and Certificates, otherwise than in conformity with the provisions of the Market Abuse Regulation (EU/596/2014), as amended, the Market Abuse Directive on criminal sanctions for market abuse (Directive 2014/57/EU), the European Union (Market Abuse) Regulations 2016 of Ireland, as amended, (S.I. No 349 of 2016) and any Irish market abuse law as defined in those Regulation and the Companies Act 2014 of Ireland, as amended, and any rules made or guidance issued by the Central Bank of Ireland in connection with the foregoing, including any rules or guidelines issued by the Central Bank of Ireland under Section 1370 of the Companies Act 2014 of Ireland, as amended.

## **Prohibition of Sales to EEA Retail Investors**

Each Joint Lead Manager has represented and agreed with the Issuer that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes and Certificates to any retail investor in the European Economic Area. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

## **General**

Under the Note Purchase Agreement, each of the Joint Lead Managers has acknowledged that, save for making such applications and for having procured the delivery of a copy of the Prospectus for registration to the Central Bank, no action has been or will be taken in any jurisdiction by it that would permit a public offering of the Notes and Certificates, or possession or distribution of the Prospectus (in preliminary or

final form) or any amendment or supplement thereto or any other offering material relating to the Notes or Certificates in any country or jurisdiction where action for that purpose is required. Under the Note Purchase Agreement, each of the Joint Lead Managers has agreed to comply with all applicable laws and regulations in each jurisdiction in or from which it may offer or sell the Notes and Certificates or have in its possession or distribute the Prospectus (in preliminary or in final form) or any amendment or supplement thereto or any other offering material (including not to do so, as stated in the section entitled "*Important Notice*" above, to retail investors as defined in such section).

Attention is drawn to the information set out on the inside front cover of this Prospectus.

## GENERAL INFORMATION

- (1) The issue of the Notes and Certificates has been authorised by resolution of the Board of Directors of the Issuer passed on 5 August 2019.
- (2) Application has been made to Euronext Dublin for the Notes to be admitted to the official list and to trading on its regulated market. There can be no assurance that any such approval will be granted or, if granted, that such listing will be maintained. The Regulated Market of Euronext Dublin is a regulated market for the purposes of the Markets in Financial Instruments Directive.
- (3) The Notes and Certificates have been accepted for clearance through Euroclear and Clearstream, Luxembourg as follows:

	Common Code	ISIN (Clearstream/ Euroclear)
A Notes .....	203523700	XS2035237002
B Notes.....	203523734	XS2035237341
C Notes.....	203523742	XS2035237424
D Notes .....	203523769	XS2035237697
E Notes.....	203523777	XS2035237770
F Notes.....	203523785	XS2035237853
G Notes .....	203523807	XS2035238075
X Notes .....	203523831	XS2035238315
Z Notes.....	203531010	XS2035310106
Certificates .....	203524129	XS2035241293

- (4) The auditors of the Issuer, PricewaterhouseCoopers LLP, are members of the Institute of Chartered Accountants of England and Wales. The financial year end of the Issuer is 30 June. The first statutory financial statements of the Issuer will be prepared for the period ended 30 June 2020.
- (5) The Issuer is not and has not been involved in any governmental, legal or arbitration proceedings which may have or have had since its date of incorporation a significant effect on its financial position and profitability nor is the Issuer aware that any such proceedings are pending or threatened.
- (6) In relation to this transaction, the Issuer, on or about the date of this Prospectus, has entered into the Note Purchase Agreement referred to under "*Purchase and Sale*" above which is, or may be, material.
- (7) Since 5 June 2019 (being the date of incorporation of the Issuer), there has been no material adverse change in the financial position or prospects of the Issuer and no significant change in the trading or the financial position of the Issuer.
- (8) The Issuer is the designated entity for the purposes of the Article 7(2) of the Securitisation Regulation. The Issuer will procure that:
  - (i) the Cash Administrator will from the Issue Date publish a quarterly investor report in respect of each Determination Period, as then required by and in accordance with Article 7(1)(e) of the Securitisation Regulation (the "**SR Investor Report**"); and
  - (ii) the Servicer will from the Issue Date publish on a quarterly basis certain loan-by-loan information in relation to the Mortgage Pool in respect of each Determination Period as then required by and in accordance with Article 7(1)(a) of the Securitisation Regulation (the "**SR Data Tape**"),

in each case, in the form prescribed as at such time under the Securitisation Regulation;

- (iii) the Servicer or another third party will publish without delay, any (i) inside information relating to the Issuer which the Issuer determines it is obliged to make public in accordance with Article 17 of Regulation (EU) No. 596/2014 and in accordance with Article 7(1)(f) of the Securitisation Regulation; or (ii) any significant event in accordance with Article 7(1)(g) of the Securitisation Regulation, in each case in the manner prescribed under the Securitisation Regulation; and

- (iv) for so long as no securitisation repository has been registered under Article 10 of the Securitisation Regulation (a "**Repository**"), the Servicer will make available, within 5 Business Days of the issuance of the Notes, copies of the relevant Transaction Documents and this Prospectus via at <https://editor.eurowdw.eu/ecb/info?edcode=RMBSUK000926100120191&pcd> (or such other website as may be notified by the Servicer, the Issuer, the Cash Administrator, the Trustee, each Rating Agency, the Noteholders and the Certificateholders from time to time), and as soon as reasonably practicable once a Repository has been registered, via a Repository.
  - (v) In addition, the Issuer confirms that the Servicer has made available the documents required by Article (7)(1)(b) of the Securitisation Regulation prior to the pricing date of the Notes.
- (9) The reports set out in paragraph 8(i) and 8(ii) above and the documentation and information set out in paragraphs 8(iii) and 8(iv) above as at the date of this Prospectus have been or, as applicable, shall be published on the website at <https://editor.eurowdw.eu/ecb/info?edcode=RMBSUK000926100120191&pcd>, being a website that conforms to the requirements set out in Article 7(2) of the Securitisation Regulation. For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus.
- (10) In addition to the SR Investor Report and SR Data Tapes, the Issuer will from the Issue Date until the earlier of redemption in full of the last outstanding Note or the Final Maturity Date, provide ongoing performance data on this transaction and other statistical information regarding the securities to be admitted to trading and the performance of the Mortgage Pool (including anonymised loan level data)), being available at [www.sf.citidirect.com](http://www.sf.citidirect.com) in electronic form for investors, potential investors and firms that generally provide services to investors. The contents of this website are for information purposes only and do not form part of this Prospectus and it will not be the website that conforms to the requirements set out in Article 7(2) of the Securitisation Regulation on which the SR Investor Report and SR Data Tapes will be made available in compliance with Article 7(1) of the Securitisation Regulation from time to time.
- (11) From the Issue Date until the earlier of redemption in full of the last outstanding Note or the Final Maturity Date, copies of the following documents may be inspected in electronic or physical form during usual business hours at the registered office of the Issuer or online at <https://editor.eurowdw.eu/ecb/info?edcode=RMBSUK000926100120191&pcd> and will be available in such manner for at least as long as the Notes are admitted to listing on Euronext Dublin and the guidelines of Euronext Dublin so require:
- (a) the Memorandum and Articles of Association of the Issuer;
  - (b) drafts (subject to modification) or, if available, final versions of the following documents:
    - (i) the Master Definitions Agreement;
    - (ii) the Bank Agreement;
    - (iii) the Cash Administration Agreement;
    - (iv) the Corporate Services Agreement;
    - (v) the Deed Poll;
    - (vi) the Risk Retention Regulatory Change Deed Poll;
    - (vii) the Swap Agreement;
    - (viii) the Deed of Charge (including the form of Scottish Trust Security scheduled thereto);
    - (ix) the Servicing Agreement;

- (x) the Mortgage Sale Agreement (including the form of Scottish Declaration of Trust scheduled thereto);
  - (xi) the Paying Agency Agreement;
  - (xii) the Trust Deed;
  - (xiv) the Issuer/ICSD Agreement;
  - (xv) the Retention Letter; and
  - (xvi) the Reporting Designation Letter.
- (12) As at the date hereof, save for the issue of the Notes and Certificates, the Issuer, since its incorporation on 5 June 2019, has not commenced operations nor prepared any accounts.
- (13) The aggregate transaction fees and expenses for the issue and listing of the Notes are estimated to be in the region of €12,000.
- (14) McCann Fitzgerald Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Regulated Market or to trading on the Regulated Market.
- (15) The Issuer will, from the Issue Date until the earlier of redemption in full of the last Note or the Final Maturity Date, make available a cash flow model to Noteholders, either directly or indirectly through one or more entities that provide cash flow models to investors generally.
- (16) The Issuer will, on or about the Issue Date until the earlier of redemption in full of the last Note or the Final Maturity Date, make available loan level data to investors and update such information on a regular basis.
- (17) The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.
- (18) The Issuer's LEI number is 213800UPNSPH9SLPZE56.

## GLOSSARY OF DEFINED TERMS

"£", "sterling" and "pounds"	are references to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland.
"€", "EUR" or "Euro"	are references to the lawful currency of the member states of the European Union participating in Economic and Monetary Union as contemplated by the Treaty.
"1970 Act"	means the Conveyancing and Feudal Reform (Scotland) Act 1970, as amended.
"1999 Regulations"	means the Unfair Terms in Consumer Contracts Regulations 1999 as amended.
"A Global Note"	means the Global Note representing the A Notes, which will be substantially in the form set out in Schedule 1 ( <i>Form of Global Note</i> ) to the Trust Deed.
"A Noteholders"	means the persons who are for the time being holders of the A Notes.
"A Notes"	means the £175,350,000 Class A mortgage backed floating rate notes due December 2056 and, unless expressly stated to the contrary, all references to an "A Note" shall be a reference to such A Note whether in global or definitive form.
"A Principal Deficiency"	means a deficiency of principal amounts to make payment on the A Notes.
"A Principal Deficiency Ledger"	means the sub ledger of such name created for the purpose of recording the A Principal Deficiency and maintained by the Cash Administrator as a sub ledger of the Principal Deficiency Ledger.
"Account Bank"	means Citibank, N.A., London Branch (or such other replacement bank or financial institution as may be appointed from time to time in accordance with the Transaction Documents) in its capacity as provider of the Bank Accounts (which expression includes, where the context requires, Citibank, N.A., London Branch acting in its capacity as Swap Collateral Account Bank).
"Additional Available Principal Funds"	means an amount calculated by the Cash Administrator on a Determination Date after the Mortgage Pool Option Date as the amount of Available Revenue Funds following the application of items (i) to (xxvii) (inclusive) of the Pre-Enforcement Revenue Priority of Payments on the Interest Payment Date to which such Determination Date relates up to a maximum amount equal to the aggregate of the Principal Amount Outstanding of the Notes following the application of the Pre-Enforcement Principal Priority of Payments on the Interest Payment Date to which such Determination Date relates.
"Additional Interest"	has the meaning given to such term in Notes Condition 4(h) ( <i>Deferral of Interest</i> ).
"Additional Loan"	means any further Loan (but excluding any Loan in the Completion Mortgage Pool) sold by the Seller to the Issuer in the period from and including the Issue Date to and including the Final Additional Loan Purchase Date.
"Additional Loan Pool"	means the aggregate of all Additional Loans purchased by the Issuer and included in the Mortgage Pool, together with any

	Additional Loan to be purchased on the relevant Further Purchase Date.
<b>"Additional Loan Criteria"</b>	means the criteria to be satisfied in relation to the purchase of each Additional Loan by the Issuer on the Further Purchase Date as set out in the Mortgage Sale Agreement.
<b>"Additional Loan Cut-Off Date"</b>	means a date prior to the Further Purchase Date of the Additional Loan as may be agreed between the Issuer and the Seller in accordance with the Mortgage Sale Agreement.
<b>"Additional Loan Purchase Consideration"</b>	means a cash payment to the Seller or to such person as the Seller may direct, in an amount equal to: <ul style="list-style-type: none"> <li>(a) the Principal Balance of the relevant Loan as at the Additional Loan Cut-Off Date; and</li> <li>(b) the Pre-Funding Revenue Consideration Amount for that Loan.</li> </ul>
<b>"Agents"</b>	means the Paying Agents, the Registrar and the Agent Bank or any of them.
<b>"Arrears"</b>	means in relation to a Loan, such amount of a payment or repayment by which the related Borrower is in arrears.
<b>"Authorised Investments "</b>	means investments of the funds standing to the credit of the Transaction Account which are: <ul style="list-style-type: none"> <li>(a) money market funds that hold AAAM money market fund ratings from S&amp;P;</li> <li>(b) euro denominated securities; or</li> <li>(c) euro demand or time deposits, certificates of deposit and short-term debt obligations (including commercial paper),</li> </ul> <p><b>provided that</b> such investments have a maturity date of 90 days or less and mature before the next following Determination Date and <b>provided further that</b> with respect to securities and deposit investments specified under paragraphs (b) and (c) above:</p> <ul style="list-style-type: none"> <li>(i) with respect to investments with a maturity date of less than 30 days, the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being an authorised person under the FSMA) has (A) short-term unsecured, unguaranteed and unsubordinated debt obligations of at least A-1 by S&amp;P or long-term unsecured, unguaranteed and unsubordinated debt obligations of at least A by S&amp;P, (B) short-term unsecured, unguaranteed and unsubordinated debt obligations of at least R-1(low) by DBRS or long-term unsecured, unguaranteed and unsubordinated debt obligations of at least A by DBRS, or such other ratings that are consistent with the then published criteria of the relevant Rating Agency; and</li> <li>(ii) with respect to investments with a maturity date of greater than or equal to 30 days but less than 60 days, the issuing or guaranteeing entity or the</li> </ul>

entity with which the demand or time deposits are made (being an authorised person under the FSMA) has (A) short-term unsecured, unguaranteed and unsubordinated debt obligations of at least A-1 by S&P or long-term unsecured, unguaranteed and unsubordinated debt obligations of at least A by S&P, (B) short-term unsecured, unguaranteed and unsubordinated debt obligations of at least R-1(medium) by DBRS or long-term unsecured, unguaranteed and unsubordinated debt obligations of at least AA(low) by DBRS, or such other ratings that are consistent with the then published criteria of the relevant Rating Agency; and

- (iii) with respect to investments with a maturity date of greater than or equal to 60 days but less than three months, the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being an authorised person under the FSMA) has (A) short-term unsecured, unguaranteed and unsubordinated debt obligations of at least A-1 by S&P or long-term unsecured, unguaranteed and unsubordinated debt obligations of at least A by S&P, (B) short-term unsecured, unguaranteed and unsubordinated debt obligations of at least R-1(medium) by DBRS or long-term unsecured, unguaranteed and unsubordinated debt obligations of at least AA(low) by DBRS, or such other ratings that are consistent with the then published criteria of the relevant Rating Agency; or
- (iv) in each case, which are otherwise acceptable to the rating agencies to maintain the then current ratings of the Notes, save that where such investments would result in the re-characterisation of the Notes or any transaction under the Transaction Documents as a "re-securitisation" or a "synthetic securitisation" as defined in Articles 4(63) and 242(11), respectively, of Regulation (EU) No 575/2013 (as amended and/or supplemented from time to time), such investments shall not qualify as Authorised Investments.

**"Authorities"**

means the FCA and PRA together with HM Treasury and the Bank of England.

**"Available Principal Funds"**

means an amount calculated by the Cash Administrator on a Determination Date, being the aggregate of the following amounts:

- (a) the Principal Collections received for the preceding Determination Period;
- (b) the proceeds of any Authorised Investments attributable to Principal Collections for the Determination Period immediately preceding the relevant Determination Date;



- (c) any Liquidity Reserve Fund Excess Amounts;
- (d) the amount (if any) calculated on that Determination Date pursuant to the Pre-Enforcement Revenue Priority of Payments to be the amount by which the debit balance on any of the Principal Deficiency Ledgers is expected to be reduced by the application of the Available Revenue Funds on the immediately succeeding Interest Payment Date, excluding any Third Party Amounts allocable to principal;
- (e) Available Revenue Funds that would otherwise be paid to the Certificates from and after the Option Date;
- (f) following the service of an Enforcement Notice, all amounts standing to the credit of the Liquidity Reserve Fund (if any); and
- (g) amounts calculated on a Determination Date after the Mortgage Pool Option Date to be Additional Available Principal Funds,

but excluding any Third Party Amounts allocable to principal.

The amount if any by which the total issuance of the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes and the G Notes exceeds the sum of (i) the consideration payable by the Issuer in respect of the sale of the Loans and Collateral Security (including any Additional Loans up to and including the Final Additional Loan Purchase Date); and (ii) any amounts standing to the credit of the Pre-Funding Principal Reserve Ledger on the Final Additional Loan Purchase Date (taking into account any debits made on that ledger on such date), will be made part of the Available Principal Funds on the first Interest Payment Date.

**"Available Revenue Funds"**

means an amount calculated by the Cash Administrator on a Determination Date, being the aggregate of the following amounts:

- (a) interest (if any) earned on the amounts in the Bank Accounts for the Determination Period immediately preceding the Determination Date;
- (b) the proceeds of any Authorised Investments attributable to Revenue Collections for the Determination Period immediately preceding the relevant Determination Date;
- (c) the Revenue Collections received for the Determination Period immediately preceding the relevant Determination Date;
- (d) any amounts to be received or expected to be received by the Issuer under the Swap Agreement or any replacement Swap Agreement on the Interest Payment Date immediately following the relevant Determination Date (but excluding (i) any Swap Excluded Receivables Amounts; (ii) any amounts standing to the credit of the Issuer Profit Ledger; (iii) any amounts credited to the Swap Collateral Account; (iv) any Swap Collateral Account surplus; and (v) any SC to I Upfront Rebalancing Payment);

- (e) any General Reserve Fund Excess Amount;
- (f) for so long as there are any Rated Notes outstanding (including on the Interest Payment Date on which the Rated Notes are redeemed in full), such amount equal to any Shortfall standing to the credit of the General Reserve Fund Ledger if and to the extent there will be a Shortfall on the immediately following Interest Payment Date;
- (g) for so long as there are any A Notes outstanding (including on the Interest Payment Date on which the A Notes are redeemed in full), such amount equal to any Revenue Shortfall standing to the credit of the Liquidity Reserve Fund Ledger if and to the extent there will be a Revenue Shortfall on the immediately following Interest Payment Date to be applied to items (i) to (vi) (inclusive) of the Pre-Enforcement Revenue Priority of Payments;
- (h) any Principal Addition Amounts if and to the extent there will be a Further Revenue Shortfall on the immediately following Interest Payment Date to be applied to items (i) to (vi) (inclusive) and (if the A Notes have been redeemed in full) the relevant item corresponding to the payment of amounts (other than in respect of principal) in respect of the Most Senior Class, in each case of the Pre-Enforcement Revenue Priority of Payments;
- (i) on the first Interest Payment Date, any balance standing to the credit of the Pre-Funding Revenue Reserve Ledger as at the Final Additional Loan Purchase Date (taking into account any debits made on that ledger on such date);
- (j) on the first Interest Payment Date, an amount equal to any I to SC Upfront Rebalancing Payment in aggregate up to the I to SC Upfront Rebalancing Payment Cap to be deducted from amounts standing to the credit of the Start-Up Costs Ledger;
- (k) income from any Authorised Investments in respect of the Determination Period ending immediately prior to the relevant Determination Date; and
- (l) any Mortgage Early Redemption Amounts paid to the Issuer,

but excluding (A) an amount equal to all Excess Mortgage Early Redemption Amounts in respect of the Determination Period ending immediately prior to the Determination Date (any such amount being payable by the Issuer directly to the Certificateholders, to the extent due to the Certificateholders) and (B) any Third Party Amounts allocable to interest.

**"B Global Note"**

means the Global Note representing the B Notes, which will be substantially in the form set out in Schedule 1 (Form of Global Note) to the Trust Deed.

**"B Noteholders"**

means the persons who are for the time being holders of the B Notes.

**"B Notes"**

means the £9,450,000 Class B mortgage backed floating rate notes due December 2056 and, unless expressly stated to the contrary,

	all references to a " <b>B Note</b> " shall be a reference to such B Note whether in global or definitive form.
<b>"B Principal Deficiency"</b>	means a deficiency of principal amounts to make payment on the B Notes.
<b>"B Principal Deficiency Ledger"</b>	means the sub-ledger of such name created for the purpose of recording the B Principal Deficiency and maintained by the Cash Administrator as a sub-ledger of the Principal Deficiency Ledger.
<b>"B Residual Amount"</b>	has the meaning given to such term in Notes Condition 4(h) ( <i>Deferral of Interest</i> ).
<b>"Bank Accounts"</b>	means the Transaction Account and the Swap Collateral Account (or any further or replacement accounts established in accordance with and pursuant to the terms of the Transaction Documents).
<b>"Bank Agreement"</b>	means the agreement dated on or about the Issue Date between, <i>inter alios</i> , the Issuer and the Account Bank.
<b>"Banking Day"</b>	means, any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London.
<b>"Basel Committee"</b>	means the Basel Committee on Banking Supervision.
<b>"Benchmark Rate Disruption"</b>	means the occurrence of any of the following: <ul style="list-style-type: none"> <li>(a) an alternative manner of calculating a SONIA-based rate being introduced and becoming a standard means of calculating interest in the publicly listed asset backed floating rate notes market;</li> <li>(b) a material disruption to SONIA (as determined by the Servicer acting reasonably), an adverse change in the methodology of calculating SONIA (as determined by the Servicer acting reasonably), SONIA ceasing to exist or be published or the administrator of SONIA having used a fallback methodology for calculating SONIA for a period of at least 30 calendar days;</li> <li>(c) the insolvency or cessation of business of the administrator of SONIA (in circumstances where no successor administrator has been appointed);</li> <li>(d) a public statement by the SONIA administrator that it will cease publishing SONIA permanently or indefinitely (in circumstances where no successor SONIA administrator has been appointed that will continue publication of SONIA) in each case with effect from a date no later than 6 months after the proposed effective date of such Benchmark Rate Modification;</li> <li>(e) a public statement by the supervisor of the SONIA administrator that SONIA has been or will be permanently or indefinitely discontinued or there will be a material change to the methodology of calculating SONIA with effect from a date no later than 6 months after the proposed effective date of such Benchmark Rate Modification;</li> </ul>

- (f) a public statement by the supervisor of the SONIA administrator that means SONIA will be prohibited from being used or that its use is subject to restrictions or adverse consequences with effect from a date no later than 6 months after the proposed effective date of such Benchmark Rate Modification;
- (g) a change in the generally accepted market practice in the publicly listed asset backed floating rate notes market to refer to a Benchmark Rate endorsed in a public statement by the Bank of England, the FCA or the Prudential Regulation Authority or any relevant committee or other body established, sponsored or approved by any of the foregoing, including the Working Group on Sterling Risk-Free Reference Rates, despite the continued existence of SONIA;
- (h) it having become unlawful and/or impossible and/or impracticable for any Agent Bank, the Issuer or the Cash Administrator to calculate any payments due to be made to any Noteholder using SONIA;
- (i) following the implementation of a Benchmark Rate Modification, it becomes generally accepted market practice in the publicly listed asset backed floating rate notes market to use a Benchmark Rate of interest which is different from the Alternative Benchmark Rate which had already been adopted by the Issuer in respect of the Notes pursuant to a Benchmark Rate Modification; or
- (j) it being the reasonable expectation of the Servicer that any of the events specified in paragraphs (b) to (i) (inclusive) above will occur or exist within six months of the proposed effective date of such Benchmark Rate Modification.

**"Benchmark Rate Eligibility Requirement"**

means the Alternative Benchmark Rate being any one of the following:

- (a) a benchmark rate published, endorsed, approved or recognised by the Bank of England, the FCA or the Prudential Regulation Authority or any relevant committee or other body established, sponsored or approved by any of the foregoing, including the Working Group on Sterling Risk-Free Reference Rates (which, for the avoidance of doubt, may be an alternative benchmark rate together with a specified adjustment factor which may increase or decrease the relevant alternative benchmark rate);
- (b) the Sterling Over Night Index Average or the Broad Treasuries Repo Financing Rate (or any rate which is derived from, based upon or otherwise similar to either of the foregoing);
- (c) a reference rate utilised in 5 publicly-listed new issues of Sterling denominated asset backed floating rate notes prior to the effective date of such Benchmark Rate Modification;

	(d)	a reference rate utilised in a publicly-listed new issue of Sterling denominated asset backed floating rate notes where the originator of the relevant assets is the Seller or an affiliate of the Seller; or
	(e)	such other reference rate as the Servicer reasonably determines, <b>provided that</b> this option may only be used if the Issuer (or the Servicer on behalf of the Issuer) certifies to the Trustee that, in its reasonable opinion, none of paragraphs (a) to (d) above (inclusive) are applicable and/or practicable in the context of this transaction, and sets out the rationale in the Benchmark Rate Modification Certificate for choosing the proposed Alternative Benchmark Rate.
<b>"Benchmark Rate Modification"</b>		has the meaning given to that term in Notes Condition 11(f) ( <i>Modification and Waiver in relation to the Reference Rate</i> ).
<b>"Benchmark Rate Modification Certificate"</b>		has the meaning given to that term in Notes Condition 11(f) ( <i>Modification and Waiver in relation to the Reference Rate</i> ).
<b>"BMF3/BML Mortgage Sale Agreement"</b>		means the mortgage sale agreement, dated on or about the Issue Date, entered into between Bluestone Mortgage Finance No.3 Limited and BML.
<b>"BMF4/BML Mortgage Sale Agreement"</b>		means the mortgage sale agreement, dated on or about the Issue Date, entered into between Bluestone Mortgage Finance No.4 Limited and BML.
<b>"BML"</b>		means Bluestone Mortgages Limited.
<b>"BO" or "Bankruptcy Order"</b>		means a bankruptcy order (and, where the context so requires, its Scottish equivalent).
<b>"Book-Entry Interests"</b>		means the beneficial interests in the Global Notes recorded by Euroclear and Clearstream, Luxembourg.
<b>"Borrower"</b>		means, in relation to each Loan, the borrower or borrowers specified in such Loan.
<b>"Business Day"</b>		means a day on which commercial banks and foreign exchange markets settle payments in London and Dublin and which is a TARGET2 Settlement Day.
<b>"Buy-to-Let Loan"</b>		means a Loan which is intended for a Borrower who wishes to use the Loan as a means to purchase a residential property for the purpose of letting to third parties.
<b>"BVR"</b>		means the Bluestone variable rate which is set in accordance with the Mortgage Conditions.
<b>"C Global Note"</b>		means the Global Note representing the C Notes, which will be substantially in the form set out in Schedule 1 ( <i>Form of Global Note</i> ) to the Trust Deed.
<b>"C Noteholders"</b>		means the persons who are for the time being holders of the C Notes.
<b>"C Notes"</b>		means the £5,250,000 Class C mortgage backed floating rate notes due December 2056 and, unless expressly stated to the contrary,

	all references to a " <b>C Note</b> " shall be a reference to such C Note whether in global or definitive form.
<b>"C Principal Deficiency"</b>	means a deficiency of principal amounts to make payment on the C Notes.
<b>"C Principal Deficiency Ledger"</b>	means the sub-ledger of such name created for the purpose of recording the C Principal Deficiency, and maintained by the Cash Administrator as a sub-ledger of the Principal Deficiency Ledger.
<b>"C Residual Amount"</b>	has the meaning given to such term in Notes Condition 4(h) ( <i>Deferral of Interest</i> ).
<b>"Capital Requirements Directive" or "CRD"</b>	means EU Directive 2006/48/EC (as amended).
<b>"Cash Administration Fee"</b>	means the fees payable to the Cash Administrator for performing the services pursuant to the Cash Administration Agreement.
<b>"Cash Administration Agreement"</b>	means the agreement so named dated on or about the Issue Date between, <i>inter alios</i> , the Issuer and the Cash Administrator.
<b>"Cash Administrator"</b>	means (i) Bluestone Mortgages Limited under the Cash Administration Agreement or (ii) if Bluestone Mortgages Limited's appointment is terminated under the Cash Administration Agreement, any other cash administrator appointed by the Issuer with the approval of the Trustee.
<b>"Cash Administrator Facilitator"</b>	means Intertrust Management Limited or any successor thereto;
<b>"Cash Administrator Termination Event"</b>	means any of the events of default specified under the Cash Administration Agreement, including non-performance by the Cash Administrator of its obligations thereunder or if insolvency or similar events occur in relation to the Cash Administrator.
<b>"CCA"</b>	means the Consumer Credit Act 1974 and the Consumer Credit Act 2006.
<b>"CCJ"</b>	means a county court judgment (and, where the context so requires, its Scottish equivalent).
<b>"Central Bank"</b>	means the Central Bank of Ireland.
<b>"Certificate Payment Amount"</b>	has the meaning given to such term in Certificate Condition 4(d) ( <i>Calculation of Certificate Payment Amount</i> ).
<b>"Certificateholders"</b>	means the persons who for the time being are the holders of the Certificates.
<b>"Certificates"</b>	means the 1,000 certificates issued or due to be issued by the Issuer on the Issue Date, or, as the case may be, a specific number thereof.
<b>"Certificates Basic Terms Modification"</b>	means any modification to: <ul style="list-style-type: none"> <li>(a) the maturity date of the Certificate and Notes or the dates on which interest is payable on the Notes;</li> <li>(b) the date of payment of principal, interest or any other amount in respect of any Class of Notes, or, where applicable, of the method of calculating the date of payment of principal, interest or any other amount in respect of any Class of Notes, or of the method of</li> </ul>

calculating the date of payment in respect of the Certificates, except in accordance with Notes Condition 11(f) (*Modification and Waiver in relation to the Reference Rate*);

- (c) the amount of principal, the rate of interest or any other amount payable in respect of any Class of Notes or Certificates or the priority of payment of such amount, or where applicable, of the method of calculating the amount payable of any principal, interest or any other amount payable in respect of any Class of Notes or of the method of calculating the amounts payable in respect of the Certificates, except in accordance with Notes Condition 11(f) (*Modification and Waiver in relation to the Reference Rate*);
- (d) the modification or addition of any other amount payable ranking ahead of or *pari passu* with any Class of Notes or Certificates, including any fees payable by the Issuer to any third party (save as permitted or contemplated under the terms of the Transaction Documents);
- (e) the priority of residual payments on the Certificates;
- (f) the currency of payment of the Certificates;
- (g) the definition of Notes Basic Terms Modification;
- (h) the definition of Event of Default;
- (i) the definition of Certificates Basic Terms Modification;
- (j) the provisions concerning the quorum required at any meeting of Certificateholders or the majority required to effect a Certificates Basic Terms Modification or to pass an Extraordinary Resolution;
- (k) the definition of the Mortgage Pool Option Date;
- (l) any changes to the terms of the Deed Poll or any provisions concerning the exercise of the optional call thereunder, including Notes Condition 5(d) (*Optional Redemption in Full at the Direction of the Mortgage Pool Option Holder*);
- (m) any changes to the terms of the Risk Retention Regulatory Change Deed Poll or any provisions concerning the exercise of the optional call thereunder, including Notes Condition 5(e) (*Optional Redemption in Full Following the Exercise of a Risk Retention Regulatory Change Option*);
- (n) the provisions concerning limited recourse and non-petition in relation to the Issuer including Certificates Condition 7 (*Enforcement of Security, Limited Recourse and Non-Petition*);
- (o) the Certificate Condition 3 (*Covenants of the Issuer*); or
- (p) any waiver of any proposal or actual breach of any of the covenants (including any Event of Default or Potential Event of Default) or provisions contained in or arising

pursuant to the Notes Conditions, Certificates Conditions or any Transaction Documents by any party thereto which would have the effect of any of the foregoing.

**"Certificates Conditions"** means the terms and conditions applicable to the Certificates as set out in Schedule 6 (*Terms and Conditions of the Certificates*) to the Trust Deed as may from time to time be modified in accordance with the Trust Deed.

**"Certificates Extraordinary Resolution"** means:

- (a) a resolution passed at a duly convened meeting of the Certificateholders and held in accordance with the provisions of the Trust Deed by a majority consisting of not less than 75 per cent. of the persons voting thereat upon a show of hands, or if a poll is demanded, by a majority consisting of not less than 75 per cent. of the votes cast on such poll; or
- (b) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. of the Certificates, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such holders.

**"Certificates Ordinary Resolution"** means:

- (a) a resolution passed at a duly convened meeting of the Certificateholders and held in accordance with the provisions of the Trust Deed by a majority consisting of not less than 50.1 per cent. of the persons voting thereat upon a show of hands, or if a poll is demanded, by a majority consisting of not less than 50.1 per cent. of the votes cast on such poll; or
- (b) a resolution in writing signed by or on behalf of the holders of not less than 50.1 per cent. of the Certificates, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such holders.

**"Change"** means:

- (a) a change or modification to the Services or the way they are delivered or the addition of new services to the Services;
- (b) an amendment to the Servicing Agreement or any document attached to it or referred to in the Servicing Agreement, the Service Specification and/or the Legal Title Holder Policies;
- (c) a modification, enhancement, replacement or other alteration to the Legal Title Holder's Systems, computer equipment and/or software operated by the Legal Title Holder or on its behalf including for the purpose of submitting to the Servicer, or as the case may be, receiving from the Servicer, any data including Legal Title Holder's business data;
- (d) (a change in the manner in which the Legal Title Holder's obligations are performed or supported, including a



	change to the Legal Title Holder's Systems, tools, Intellectual Property, operational procedures, operating, legal or regulatory environment, processes, policies, reporting requirements, infrastructure, staffing or resource requirements;
	(e) a change in the product specifications of the Loans; or
	(f) a change in applicable law and/or as requested by a regulatory authority.
<b>"Charged Obligation Documents"</b>	means the documents set out at Notes Condition 2(b)(iii) ( <i>Security</i> ).
<b>"Charged Property"</b>	means the property, assets, rights and undertakings for the time being comprised in or subject to the security contained in or granted pursuant to the Deed of Charge and references to the Charged Property shall include references to any part of it.
<b>"Class"</b>	shall be a reference to a class of the Notes being the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes, the Z Notes and the X Notes and shall be a reference to the Certificates and " <b>classes</b> " shall be construed accordingly.
<b>"Clearing Systems"</b>	means Clearstream, Luxembourg and Euroclear.
<b>"Clearstream, Luxembourg"</b>	means Clearstream Banking, S.A..
<b>"CMA"</b>	means the Competition and Markets Authority.
<b>"Co-Arranger"</b>	means each of Macquarie Bank International Limited and National Australia Bank Limited.
<b>"Code"</b>	means the U.S. Internal Revenue Code of 1986, as amended.
<b>"Collateral Security"</b>	means the Mortgages and any other collateral security relating to the Loans including, but not limited to, any rights under the Insurance Contracts.
<b>"Collection Account"</b>	means the account held in the name of the Legal Title Holder with the Collection Account Provider into which amounts received in respect of the Loans from the Borrowers shall be paid.
<b>"Collection Account Agreement"</b>	means the agreement so named dated on or about the Issue Date between, inter alios, the Issuer and the Collection Account Provider.
<b>"Collection Account Declaration of Trust"</b>	means the declaration of trust entered into by the Legal Title Holder in respect of the Collection Account on the Issue Date.
<b>"Collection Account Provider"</b>	means National Westminster Bank plc (or such other replacement bank or financial institution as may be appointed from time to time in accordance with the Transaction Documents) in its capacity as provider of the Collection Account.
<b>"Collection Account Provider Downgrade Event"</b>	means where the Collection Account Provider fails to maintain the Collection Account Rating Agency Required Ratings.
<b>"Collection Account Rating Agency Required Ratings"</b>	means the required ratings of the Collection Account Provider as set out in the section entitled " <i>Triggers Tables</i> ".
<b>"Common Safekeeper"</b>	means the Clearing Systems or such other entity which the Issuer may elect from time to time to perform the safekeeping roles (See

"Summary of Provisions Relating to the Notes While in Global Form").

**"Completion Mortgage Pool"**

means the Loans selected in accordance with Clause 4 (*Period to Completion*) of the Mortgage Sale Agreement and to be sold and assigned to the Issuer pursuant to the Mortgage Sale Agreement on the Issue Date, as set out in *Appendix A* of the Mortgage Sale Agreement.

**"Compounded Daily SONIA"**

means the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Agent Bank as at the Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 per cent. being rounded upwards:

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{SONIA_{i-5LBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

"**d**" is the number of calendar days in the relevant Interest Period;

"**d<sub>0</sub>**" is the number of Banking Days in the relevant Interest Period;

"**i**" is a series of whole numbers from one to **d<sub>0</sub>**, each representing the relevant Banking Day in chronological order from, and including, the first Banking Day in the relevant Interest Period;

"**ni**", for any day "**i**", means the number of calendar days from and including such day "**i**" up to but excluding the following Banking Day;

"**SONIA<sub>i-5LBD</sub>**" means, in respect of any Banking Day falling in the relevant Interest Period, the Reference Rate for the Banking Day falling five Banking Days prior to the relevant Banking Day "**i**".

**"CONC"**

means the Consumer Credit sourcebook.

**"Conditions"**

means both the Notes Conditions and the Certificates Conditions.

**"Consumer Credit Directive"**

means the second Directive on consumer credit adopted by the European Parliament and the Council.

**"COR"**

means a DBRS long-term critical obligations rating.

**"Corporate Services Agreement"**

means the agreement so named and dated on or around the Issue Date between, *inter alios*, the Issuer and the Corporate Services Provider.

**"Corporate Services Provider"**

means Intertrust Management Limited, a company incorporated in England and Wales with registered number 03853947 and having its registered office at 35 Great St. Helen's, London EC3A 6AP, United Kingdom.

**"CPR"**

means the constant per annum rate of prepayment.

"CPUTRs"	means the Consumer Protection from Unfair Trading Regulations 2008.
"CRA3"	means the provisions of Regulation (EC) 1060/2009 on Credit Rating Agencies as amended by Regulation 462/2013 (EU).
"CRD IV"	means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 and Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013.
"Credit Support Annex"	means a 1995 ISDA Credit Support Annex (Bilateral Form – Transfer) entered into between a Swap Counterparty and the Issuer in connection with a Swap Agreement (or any 1995 ISDA Credit Support Annex (Bilateral Form – Transfer) entered into between the Issuer and any replacement Swap Counterparty).
"Custodian"	means any Custodian appointed in connection with any investment in Authorised Investments from time to time.
"Cut-Off Date"	means 31 May 2019.
"DBRS"	means DBRS Ratings Limited.
"DBRS Equivalent Chart"	means:

DBRS	S&P	Fitch	Moody's
AAA	AAA	AAA	Aaa
AA(high)	AA+	AA+	Aa1
AA	AA	AA	Aa2
AA(low)	AA-	AA-	Aa3
A(high)	A+	A+	A1
A	A	A	A2
A(low)	A-	A-	A3
BBB(high)	BBB+	BBB+	Baa1
BBB	BBB	BBB	Baa2
BBB(low)	BBB-	BBB-	Baa3
BB(high)	BB+	BB+	Ba1
BB	BB	BB	Ba2
BB(low)	BB-	BB-	Ba3
B(high)	B+	B+	B1
B	B	B	B2
B(low)	B-	B-	B3
CCC	CCC+		Caa1
	CCC		Caa2
	CCC-	CCC	Caa3
CC	CC		Ca
C	C		
D	D	D	D

"DBRS Equivalent Rating"	means:
(a)	if a Fitch public rating, a Moody's public rating and an S&P public rating in respect of the senior unsecured debt of a certain entity (each, a " <b>Public Long Term Rating</b> ") are all available at such date, the corresponding DBRS rating as shown in the DBRS Equivalent Chart of such Public Long Term Rating remaining after disregarding the highest and lowest of such Public Long Term Ratings from such rating agencies ( <b>provided that</b> if a Public Long Term Rating is under credit watch negative, or any equivalent, then, for the purpose of determining the DBRS Equivalent Rating, such Public Long Term Rating will be deemed to be one notch below its current notch). For this purpose, if more than one Public Long Term Rating has

the same highest or same lowest DBRS rating as shown in the DBRS Equivalent Chart, then in each case only one of such Public Long Term Ratings shall be so disregarded in accordance with requirements of the previous sentence and the DBRS Equivalent Rating will be the remaining rating;

- (b) if the DBRS Equivalent Rating cannot be determined under (a) above, but Public Long Term Ratings of a certain entity by any two of Fitch, Moody's and S&P are available at such date, the corresponding DBRS rating as shown in the DBRS Equivalent Chart of the lower of such Public Long Term Rating (**provided that** if a Public Long Term Rating is under credit watch negative, or any equivalent, then, for the purpose of determining the DBRS Equivalent Rating, such Public Long Term Rating will be deemed to be one notch below its current notch); and
- (c) if the DBRS Equivalent Rating cannot be determined under (a) and (b) above, but a Public Long Term Rating by any one of Fitch, Moody's and S&P is available at such date, then the DBRS rating as shown in the DBRS Equivalent Chart will be such Public Long Term Rating (**provided that** if a Public Long Term Rating is under credit watch negative, or any equivalent, then, for the purpose of determining the DBRS Equivalent Rating, such Public Long Term Rating will be deemed to be one notch below its current notch),

**provided that**, if at any time the DBRS Equivalent Rating cannot be determined under paragraphs (a) to (c) above, then the relevant entity will be deemed to have a DBRS rating of "C" at such time.

<b>"D Global Note"</b>	means the Global Note representing the D Notes, which will be substantially in the form set out in Schedule 1 ( <i>Form of Global Note</i> ) to the Trust Deed.
<b>"D Noteholders"</b>	means the persons who are for the time being holders of the D Notes.
<b>"D Notes"</b>	means the £5,250,000 Class D mortgage backed floating rate notes due December 2056 and, unless expressly stated to the contrary, all references to a " <b>D Note</b> " shall be a reference to such D Note whether in global or definitive form.
<b>"D Principal Deficiency"</b>	means a deficiency of principal amounts to make payment on the D Notes.
<b>"D Principal Deficiency Ledger"</b>	means the sub-ledger of such name created for the purpose of recording the D Principal Deficiency and maintained by the Cash Administrator as a sub-ledger of the Principal Deficiency Ledger.
<b>"D Residual Amount"</b>	has the meaning given to such term in Notes Condition 4(h) ( <i>Deferral of Interest</i> ).
<b>"Deed of Charge"</b>	means the deed of charge so named dated on or about the Issue Date between, <i>inter alios</i> , the Issuer and the Trustee.
<b>"Deed Poll"</b>	means the mortgage pool option deed and deed poll dated on or about the Issue Date, executed by the Issuer, in favour of the Mortgage Pool Option Holder from time to time.

<b>"Deferred Interest"</b>	has the meaning given to such term in the section entitled " <i>Full Capital Structure of the Notes and Certificates</i> " " <i>Interest Deferral</i> ".
<b>"Definitive Certificates"</b>	means any individual certificate issued to a Certificateholder in respect of its holding of the Certificates in, or substantially in, the form set out in the Trust Deed;
<b>"Definitive Notes"</b>	means any individual note certificate issued to a Noteholder in respect of its holding of the Notes in, or substantially in, the form set out in the Trust Deed;
<b>"Determination Date"</b>	means the date which falls two Business Days prior to an Interest Payment Date or, if such day is not a Business Day, the immediately preceding Business Day.
<b>"Determination Period"</b>	means the period from (and including) the Issue Date to (and including) the last calendar day of the calendar month immediately prior to a Determination Date, and thereafter each period starting on the calendar day after the last day of the previous Determination Period and ending on the last calendar day of the calendar month prior to a Determination Date.
<b>"Development Loan"</b>	means a Loan advanced for the purposes of funding work undertaken to or on the Property which is known to BML.
<b>"Distribution Compliance Period"</b>	has the meaning given to such term in the section entitled " <i>Purchase and Sale</i> ."
<b>"DSCR"</b>	means, in relation to any Loan which is a Buy-to-Let Loan, the ratio (expressed as a percentage) of: <ul style="list-style-type: none"> <li>(a) the assessed monthly rental income for the Property over which such Loan is secured (as assessed by the lower of the valuation undertaken in relation to that Property and the monthly rental income in an assured short-term tenancy agreement or a private residential tenancy agreement, as appropriate); to</li> <li>(b) the amount of a monthly instalment payable by a Borrower in respect of that Loan including any amount of interest, repayment of principal (if any) and any other amount payable by the Borrower pursuant to the Loan.</li> </ul>
<b>"E Global Note"</b>	means the Global Note representing the E Notes, which will be substantially in the form set out in Schedule 1 ( <i>Form of Global Note</i> ) to the Trust Deed.
<b>"E Noteholders"</b>	means the persons who are for the time being holders of the E Notes.
<b>"E Notes"</b>	means the £5,250,000 Class E mortgage backed floating rate notes due December 2056 and, unless expressly stated to the contrary, all references to an "E Note" shall be a reference to such E Note whether in global or definitive form.
<b>"E Principal Deficiency"</b>	means a deficiency of principal amounts to make payment on the E Notes.

<b>"E Principal Deficiency Ledger"</b>	means the sub-ledger of such name created for the purpose of recording the E Principal Deficiency and maintained by the Cash Administrator as a sub-ledger of the Principal Deficiency Ledger.
<b>"E Residual Amount"</b>	has the meaning given to such term in Notes Condition 4(h) ( <i>Deferral of Interest</i> ).
<b>"Effective Date"</b>	has the meaning given to such term in the Interest Rate Swap.
<b>"Enforcement Notice"</b>	means a notice given by the Trustee to the Issuer under Notes Condition 9 ( <i>Events of Default</i> ) of the Notes.
<b>"Enforcement Procedures"</b>	means the exercise of the rights and remedies against a Borrower, or in relation to the security for the Borrower's obligations arising from any default by the Borrower under or in connection with such Borrower's Loan or Collateral Security, in accordance with the procedures established by the Servicer, as varied from time to time in accordance with the procedures that could reasonably be expected of a Prudent Mortgage Lender as dictated by the Legal Title Holder and <b>"completion of the Enforcement Procedures"</b> shall be deemed to have occurred in respect of a particular Loan and its Collateral Security when the Servicer has been notified by the Legal Title Holder that, having regard to the circumstances of the relevant Borrower and the then applicable Enforcement Procedures, the prospect of any further recovery of amounts due by that Borrower is remote or such further recovery is uneconomic.
<b>"English Loan"</b>	means a Loan secured by an English Mortgage.
<b>"English Mortgage"</b>	means the legal mortgage or charge of English Property which is security for an English Loan.
<b>"English Property"</b>	means, in relation to a Loan, the freehold or long leasehold residential property situated in England or Wales upon which the obligations of the Borrower are secured.
<b>"Equity Release Loan"</b>	means a Loan where the Borrower has monetised their Property for either a lump sum of cash or regular periodic income (for example, as a retirement plan).
<b>"EU Retention Requirement"</b>	means the requirement for the Risk Retention Holder to retain, on an ongoing basis as an originator within the meaning of the Securitisation Regulation, a material net economic interest of not less than 5 per cent. in the securitisation, in accordance with Article 6(3)(a) of the Securitisation Regulation.
<b>"Euro", "euro" or "€"</b>	means the lawful currency of member states of the European Union that adopt the single currency introduced in accordance with the Treaty.
<b>"Euroclear"</b>	means Euroclear Bank SA/NV or its successor.
<b>"Euronext Dublin"</b>	means the Irish Stock Exchange plc, trading as Euronext Dublin.
<b>"Eurosystem"</b>	means the European System of Central Banks as the term is used by the Governing Council of the European Central Bank.
<b>"Eurozone"</b>	means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union and the Treaty of Amsterdam.

<b>"Event of Default"</b>	has the meaning given to it in Notes Condition 9 ( <i>Events of Default</i> ) or, as applicable, Certificates Condition 6 ( <i>Events of Default</i> ).
<b>"Excess Mortgage Early Redemption Amounts"</b>	has the meaning given to it in the section ( <i>Description of the Loans and Eligibility Criteria</i> )
<b>"Excess Servicing Fee"</b>	means any servicing fees which exceed the Servicing Fee Cap;
<b>"Excess Spread"</b>	means any Available Revenue Funds in excess of: (i) senior costs; (ii) interest due on and remedying any Principal Deficiency on the A Notes, the B Notes, the C Notes, the D Notes, the E Notes the F Notes, the G Notes, the X Notes and the Z Notes; and (iii) certain amounts credited to the General Reserve Fund;
<b>"Excess X Note Proceeds"</b>	means the payment to the Certificateholders on the Issue Date of any excess proceeds not used under paragraphs (a), (b) and (c) and (d) as set out in the section entitled " <i>Proceeds of the X Notes and the Z Notes</i> ".
<b>"Exercise Notice"</b>	means a notice delivered by the Mortgage Pool Option Holder to the Issuer (with a copy to the Trustee, the Servicer and the Cash Administrator) that it intends to exercise the Mortgage Pool Option at any time on or after the Mortgage Pool Option Date and with details of the Mortgage Pool Purchase Completion Date.
<b>"Extraordinary Resolution"</b>	<p>means:</p> <ul style="list-style-type: none"> <li>(a) a resolution passed at a duly convened meeting of the Noteholders or the Noteholders of such Class and held in accordance with the provisions of the Trust Deed by a majority consisting of not less than 75 per cent. of the persons voting thereat upon a show of hands, or if a poll is demanded, by a majority consisting of not less than 75 per cent. of the votes cast on such poll; or</li> <li>(b) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such holders,</li> </ul> <p>and (in the circumstances set out in Notes Condition 11 (<i>Meetings of Noteholders; Modifications; Consents; Waiver</i>) an Extraordinary Resolution (other than in respect of a Notes Basic Terms Modification) will pass unless 10 per cent. or more in aggregate Principal Amount Outstanding of the Notes of such Class have informed the Trustee in writing (or otherwise in accordance with the then current practice of any clearing system through which the Notes may be held) in the prescribed manner of their objection to such Extraordinary Resolution within 40 days after the date on which a notice containing the text of such Extraordinary Resolution which acts as an invitation to Noteholders of such Class to object to the same and details the manner in which such objections should be made has been given to such class in accordance with the provisions of Notes Condition 13 (<i>Notice to Noteholders</i>) by the Issuer or the Trustee, and for so long as the Notes are listed on Euronext Dublin, by making it</p>

	available to any Regulatory Information Service maintained by Euronext Dublin.
<b>"F Global Note"</b>	means the Global Note representing the F Notes, which will be substantially in the form set out in Schedule 1 ( <i>Form of Global Note</i> ) to the Trust Deed.
<b>"F Noteholders"</b>	means the persons who are for the time being holders of the F Notes.
<b>"F Notes"</b>	means the £4,200,000 Class F mortgage backed floating rate notes due December 2056 and, unless expressly stated to the contrary, all references to an <b>"F Note"</b> shall be a reference to such F Note whether in global or definitive form.
<b>"F Principal Deficiency"</b>	means a deficiency of principal amounts to make payment on the F Notes.
<b>"F Principal Deficiency Ledger"</b>	means the sub-ledger of such name created for the purpose of recording the F Principal Deficiency and maintained by the Cash Administrator as a sub-ledger of the Principal Deficiency Ledger.
<b>"F Residual Amount"</b>	has the meaning given to such term in Notes Condition 4(h) ( <i>Deferral of Interest</i> ).
<b>"FATCA"</b>	means: <ul style="list-style-type: none"> <li>(a) sections 1471 to 1474 of the Code and any associated regulations and other official guidance;</li> <li>(b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the U.S. and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or</li> <li>(c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraph (a) or (b) above with the U.S. Internal Revenue Service, the U.S. Government or any governmental or taxation authority in any other jurisdiction.</li> </ul>
<b>"FCA"</b>	means the Financial Conduct Authority or any successor authority or authorities fulfilling the regulatory role currently occupied by the Financial Conduct Authority.
<b>"Final Additional Loan Purchase Date"</b>	means the Determination Date immediately prior to the first Interest Payment Date.
<b>"Final Discharge Date"</b>	means the date on which the Trustee notifies the Issuer and the Secured Creditors that it is satisfied that all the Secured Amounts and/or all other moneys and other liabilities due or owing by the Issuer have been paid or discharged in full.
<b>"Final Maturity Date"</b>	means for all Notes and Certificates, the Interest Payment Date falling in December 2056.
<b>"Fitch"</b>	means Fitch Ratings Limited.



<b>"Fixed Rate Mortgage"</b>	means a Loan in relation to which the Borrower is obliged to pay a fixed rate of interest for a limited period and thereafter a reversionary rate based on the BVR.
<b>"Floating Rate of Interest"</b>	means the rate of interest as determined by the Agent Bank in accordance with Notes Condition 4(c) ( <i>Rate of Interest</i> ).
<b>"Floating Rate Notes"</b>	means the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes, the X Notes and the Z Notes.
<b>"FSA"</b>	means the Financial Services Authority or any successor authority or authorities fulfilling the regulatory role currently occupied by the FSA (which term, when used in relation to a date on or after 1 April 2013, shall be deemed to refer to the FCA and/or PRA (as applicable)).
<b>"FSMA"</b>	means the Financial Services and Markets Act 2000.
<b>"Further Advance"</b>	means an additional advance of principal made by the Legal Title Holder to the relevant Borrower under a particular Loan beyond the committed amount (at origination) of such Loan but excluding (i) any capitalisation of interest or interest roll-up on such Loan and (ii) costs, fees and expenses payable by a Borrower in respect of such Loan.
<b>"Further Purchase Date"</b>	means, if applicable, in relation to the sale and purchase of Additional Loans, each day on which a sale and purchase is completed subject to, and in accordance with, the terms of the Mortgage Sale Agreement.
<b>"Further Revenue Shortfall"</b>	means an amount, if greater than zero, by which the aggregate amounts required to pay items (i) to (vi) (inclusive) and (if the A Notes have been redeemed in full) the relevant item corresponding to the payment of amounts (other than in respect of principal) in respect of the Most Senior Class, in each case of the Pre-Enforcement Revenue Priority of Payments exceeding all Available Revenue Funds (excluding item (h)).
<b>"General Reserve Fund"</b>	means the amount reserved from time to time in the Transaction Account by depositing the General Reserve Fund Required Amount into the Transaction Account and crediting the General Reserve Fund Ledger in accordance with the Cash Administration Agreement.
<b>"General Reserve Fund Excess Amounts"</b>	means any amount standing to the credit of the General Reserve Fund Ledger in excess of the General Reserve Fund Required Amount and which will be released as Available Revenue Funds;
<b>"General Reserve Fund Ledger"</b>	means the ledger of such name created and maintained by the Cash Administrator in the Transaction Account.
<b>"Global Certificates"</b>	means each of the Certificates which represent the Certificates or some of them substantially in the form set out in Schedule 3 ( <i>Form of Global Certificate</i> ) of the Trust Deed and Global Certificate means one of them.
<b>"Global Notes"</b>	means each of the A Global Note, the B Global Note, the C Global Note, the D Global Note, the E Global Note, the F Global Note, the G Global Note, the X Global Note and the Z Global Note and Global Note means one of them.

<b>"G Global Note"</b>	means the Global Note representing the G Notes, which will be substantially in the form set out in Schedule 1 ( <i>Form of Global Note</i> ) to the Trust Deed and which is intended to be held in a manner which would allow Eurosystem eligibility.
<b>"G Noteholders"</b>	means the persons who are for the time being holders of the G Notes.
<b>"G Notes"</b>	means the £5,250,000 Class G mortgage backed floating rate notes due December 2056 and, unless expressly stated to the contrary, all references to a "G Note" shall be a reference to such G Note whether in global or definitive form.
<b>"G Principal Deficiency"</b>	means a deficiency of principal amounts to make payment on the G Notes.
<b>"G Principal Deficiency Ledger"</b>	means the sub-ledger of such name created for the purpose of recording the G Principal Deficiency and maintained by the Cash Administrator as a sub-ledger of the Principal Deficiency Ledger.
<b>"G Residual Amount"</b>	has the meaning given to such term in Notes Condition 4(h) ( <i>Deferral of Interest</i> ).
<b>"Help to Buy Loan" and "Help to Buy Equity Loan"</b>	means a Loan that benefits from the shared equity loan provided under the Help to Buy Scheme or an equivalent scheme of the Scottish Government.
<b>"Help to Buy Scheme"</b>	means the help to buy scheme provided by the UK Government to assist home buyers by the UK Government (through Homes England) providing a shared equity loan made to borrowers secured by way of a second charge mortgage on the relevant property.
<b>"HMRC"</b>	means Her Majesty's Revenue and Customs.
<b>"I To SC Upfront Rebalancing Payment"</b>	means any payment payable by the Issuer to the Swap Counterparty which is due on the first Interest Payment Date, and calculated on the basis of the change in the prevailing mark-to-market value of the Interest Rate Swap from the Swap Counterparty's perspective taking into consideration the revised Swap Notional Amount as a result of the addition of the Additional Loans that are Fixed Rate Mortgages compared to the mark-to-market of the Interest Rate Swap prior to the addition of the Additional Loans that are Fixed Rate Mortgages to the Mortgage Pool, in accordance with the terms of the relevant Swap Agreement (provided that aside from the amendment to the Swap Notional Amount, all other terms under the Interest Rate Swap shall remain the same).
<b>"I To SC Upfront Rebalancing Payment Cap"</b>	means an amount equal to £250,000.
<b>"ICSDs"</b>	means Euroclear and Clearstream, Luxembourg.
<b>"Initial Available Revenue"</b>	means, on each Determination Date, the amount standing to the credit of the Revenue Ledger as at the end of the preceding Determination Period.
<b>"Initial LRF Funding Date"</b>	means the date on which the amount standing to the credit of the Liquidity Reserve Fund Ledger equals the Liquidity Reserve Fund Required Amount.

<b>"Initial Principal Amount"</b>	means, in relation to each Note, the initial face principal amount of that Note upon issue of the relevant Global Note relating to that Note.
<b>"Initial Purchase Consideration"</b>	£194,762,343, (being the consideration for the Loans being purchased on the Issue Date).
<b>"Initial S&amp;P Rating Event"</b>	<p>means the applicable framework containing transfer rating triggers as set out in the Swap Agreement, where neither the Swap Counterparty (or its successor or permitted transferee) nor any Credit Support Provider from time to time in respect of the Swap Counterparty has a long-term rating or resolution counterparty rating at least:</p> <ul style="list-style-type: none"> <li>(a) "A-" (if S&amp;P Framework "Strong", applies at the relevant time);</li> <li>(b) "A-" (if S&amp;P Framework "Adequate" applies at the relevant time);</li> <li>(c) "A" (if S&amp;P Framework "Moderate" applies at the relevant time);</li> </ul>
<b>"Insolvency Event"</b>	<p>means in respect of a company, the occurrence of any of the following:</p> <ul style="list-style-type: none"> <li>(a) an order being made or an effective resolution being passed for winding up of such company;</li> <li>(b) such company ceases or threatens to cease to carry on its business or a substantial part of its business or stops payment or threatens to stop payment of any amounts due to its creditors generally or becomes unable to pay its debts as they fall due or otherwise becomes insolvent; or</li> <li>(c) an order is made against such company under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or a receiver, administrator or other similar official is appointed in relation to such company or in relation to the whole or any substantial part of the undertaking or assets of such company or an encumbrancer or other security holder shall take possession of the whole or any substantial part of the undertaking or assets of such company, and in any of the foregoing cases it shall not be discharged within 30 Business Days; or if such company shall initiate or consent to judicial proceedings relating to itself (other than in the case of a reorganisation) under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or shall make a conveyance or assignment or assignation for the benefit of its creditors generally or if a petition is presented to wind up such company (other than any petition which is frivolous or vexatious and is not withdrawn within five Business Days).</li> </ul>
<b>"Insurance Contracts"</b>	means the insurance contracts referred to in Schedule 5 ( <i>Insurance Contracts</i> ) of the Mortgage Sale Agreement, including the right to receive the proceeds of any claims, in so far as they relate to the Loans and any other insurance contracts in replacement, addition

	or substitution therefor from time to time and which relate to the Loans, including any Contingency Policies.
<b>"Intellectual Property "</b>	means all copyrights, patents, design rights, service marks, trademarks and trading names and all other rights which may subsist in the Servicer's products, processes, software information and business systems.
<b>"Interest Amount"</b>	has the meaning given to such term in Notes Condition 4(d) ( <i>Determination of Floating Rates of Interest and Calculation of Interest Amount</i> ).
<b>"Interest Only Loan"</b>	means a loan under the terms of which the principal amount is not repayable before maturity and may require an endowment policy to be charged by way of collateral security or may require the deposit (but not by way of security) of a pension policy or may have no collateral as security other than the relevant Property.
<b>"Interest Payment Date"</b>	means the 15 <sup>th</sup> day in March, June, September and December in each year unless such day is not a Business Day, in which case interest shall be payable on the following Business Day.
<b>"Interest Period"</b>	means the period from (and including) an Interest Payment Date to (but excluding) the next Interest Payment Date, <b>provided that</b> the first Interest Period shall be the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date.
<b>"Interest Period Issuer Amount"</b>	means the sum of (i) amount produced by applying the Swap Fixed Rate to applicable notional amount of the Interest Rate Swap and multiplying the resulting amount by the applicable day count fraction specified in the Swap Agreement; <i>plus</i> (ii) the relevant Swap Fixed Rate Scheduled Amount.
<b>"Interest Period Swap Counterparty Amount"</b>	means the amount produced by applying a rate equal to Compounded Daily SONIA for the relevant Interest Period to the applicable notional amount of such Interest Rate Swap and multiplying the resulting amount by the applicable day count fraction specified in the Swap Agreement.
<b>"Interest Rate Swap"</b>	means the interest rate swap transaction entered into between the Issuer and the Swap Counterparty on or about the Issue Date and as amended, supplemented and restated from time to time on or prior to the first Interest Payment Date to hedge against the possible variance between the fixed rates of interest payable on Fixed Rate Mortgages in the Mortgage Pool and in floating rates of interest payable on the Floating Rate Notes.
<b>"Interest Shortfall"</b>	means, on each Determination Date, the amount by which the Initial Available Revenue for the immediately following Interest Payment Date is insufficient to provide for payment of interest on the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes, the X Notes or the Z Notes.
<b>"IRS"</b>	means the U.S. Internal Revenue Service.
<b>"Issue Date"</b>	means 28 August 2019.
<b>"Issuer"</b>	means Genesis Mortgage Funding 2019-1 plc whose registered number is 12035334 and whose registered office is at 35 Great St. Helen's, London EC3A 6AP, United Kingdom.

<b>"Issuer Costs and Expenses"</b>	means the costs and expenses of the Issuer arising in respect of the purchase of Loans and the issuance of the Notes, including, without limitation, an amount equal to the I to SC Upfront Rebalancing Payment Cap to be utilised to fund any I to SC Upfront Rebalancing Payment on the first Interest Payment Date.
<b>"Issuer/ICSD Agreement"</b>	means the agreement so named dated on or before the date hereof between the Issuer and each of Euroclear and Clearstream, Luxembourg.
<b>"Issuer Profit"</b>	means retained profit of the Issuer in an amount of £5,250 on each Interest Payment Date up to the Interest Payment Date falling in September 2020 and £1,500 on each Interest Payment Date falling thereafter for retention by the Issuer and to be recognised in the accounts of the Issuer as profit for the relevant accounting year and the payment of a distribution (if any) to the Parent.
<b>"Issuer Profit Ledger"</b>	means a ledger established in the Transaction Account used to record the retained revenue of the Issuer in accordance with the Cash Administration Agreement.
<b>"IVA"</b>	means an Individual Voluntary Arrangement (or its Scottish equivalent).
<b>"Joint Lead Managers"</b>	means each of Macquarie Bank Limited, London Branch and National Australia Bank Limited.
<b>"Joint Lead Manager Related Person"</b>	means each Co-Arranger, Joint Lead Manager and their respective related entities, associates, officers or employees.
<b>"Land Charges Department"</b>	means the Land Charges Department of the Land Registry.
<b>"Land Registry"</b>	means HM Land Registry.
<b>"Legal Opinions"</b>	means the legal opinions issued by the legal advisors in relation to the issuing of the Notes by the Issuer.
<b>"Legal Title Holder"</b>	means Bluestone Mortgages Limited.
<b>"Legal Title Holder Fee"</b>	means the legal title holder fee (inclusive of VAT, if any) payable to the Legal Title Holder in respect of its performance of the Legal Title Holder duties in accordance with this agreement in an amount equal to: <ul style="list-style-type: none"> <li>(i) in respect of the first Determination Period, an amount (inclusive of VAT, if any) equal to 0.02 per cent. multiplied by the Principal Amount Outstanding of the aggregate of the Senior Notes as at the Issue Date multiplied by the number of days in the Determination Period divided by 365;</li> <li>(ii) in respect of each Determination Period following the first Determination Period, an amount (inclusive of VAT, if any) equal to 0.02 per cent. multiplied by the aggregate Principal Balance of the Loans in the Mortgage Pool as at the first day of the applicable Determination Period multiplied by the number of days in such Determination Period divided by 365; and</li> <li>(iii) costs and expenses incurred by the Legal Title Holder in accordance with the Servicing Agreement.</li> </ul>

<b>"Legal Title Holder Policies"</b>	means the Legal Title Holder policies which the Servicer will follow in the provision of the Services as amended from time to time.
<b>"Legal Title Holder's Business"</b>	means the business carried on from time to time by the Legal Title Holder in relation to the Loans, Mortgages, Collateral Security and the Borrowers.
<b>"Legal Title Holder's System"</b>	means the System used by the Legal Title Holder to support the Legal Title Holder's Business.
<b>"Lending Criteria"</b>	means: <ul style="list-style-type: none"> <li>(a) in respect of the Loans in the Completion Mortgage Pool, the lending criteria as set out in Schedule 6 (Lending Criteria) of the Mortgage Sale Agreement as may from time to time be applicable generally to loans made by the Legal Title Holder; and</li> <li>(b) in respect of Additional Loans, the lending criteria as set out in Schedule 6 (<i>Lending Criteria</i>) of the Mortgage Sale Agreement as such lending criteria may be amended from time to time in a manner consistent with amendments which a Prudent Mortgage Lender would make.</li> </ul>
<b>"LIBOR"</b>	means the London interbank offer rate.
<b>"Liquidation Agent"</b>	means any liquidation agent appointed by the Seller as agent of the Issuer in accordance with the provisions of the Deed Poll and the Mortgage Sale Agreement to effect a Market Portfolio Sale.
<b>"Liquidity Reserve Fund"</b>	means the amount reserved from time to time in the Transaction Account by depositing amounts into the Transaction Account and crediting the Liquidity Reserve Fund Ledger in accordance with the Cash Administration Agreement.
<b>"Liquidity Reserve Fund Ledger"</b>	means the ledger of such name created and maintained by the Cash Administrator in the Transaction Account.
<b>"Liquidity Reserve Fund Required Amount"</b>	means: <ul style="list-style-type: none"> <li>(a) on the Issue Date, the Liquidity Reserve Fund Required Amount shall be zero; or</li> <li>(b) on any Interest Payment Date from the Issue Date, the Liquidity Reserve Fund Required Amount shall be an amount equal to 1.5 per cent. of the aggregate Principal Amount Outstanding of the A Notes on that Interest Payment Date prior to the application of the Pre-Enforcement Principal Priority of Payments.</li> </ul>
<b>"Loan" or "Loans"</b>	means a loan in the Mortgage Pool which is, in each case, secured by Mortgages over Properties located in England and Wales and/or in Scotland.
<b>"Loan Conditions"</b>	means, in relation to each Loan, the terms and conditions on which it was made.
<b>"Loan to Value Ratio" or "LTV"</b>	means the ratio, expressed as a percentage, which the amount of a Loan (exclusive of any arrangement fee) bears to the valuation of the relevant Property at origination of the Loan or, in some cases

	as set out in the Lending Criteria, the lower of such valuation and the sale price of such Property.
"LTIR"	means loan-to-income ratio.
"Market Abuse Directive"	means EU Directive 2003/6/EC.
"Markets in Financial Instruments Directive"	means Directive 2014/65/EU.
"Market Portfolio Purchase Price"	means any bid which offers a purchase price equal to or higher than the Market Sale Minimum Price, provided that if more than one bid offers a price higher than the Market Sale Minimum Price, the Liquidation Agent shall accept the bid which, in its view, is the strongest bid for the purchase of the Mortgage Pool and Collateral Security (having regard to the price offered, execution risk and any other factors considered necessary by the Liquidation Agent).
"Market Portfolio Sale"	means the sales process initiated by the Seller under the Mortgage Sale Agreement pursuant to which the Liquidation Agent will seek offers from third parties to purchase and accept transfer, assignment and/or assignation of the Mortgage Pool and its Collateral Security in accordance with the terms thereof.
"Market Portfolio Sale Completion Date"	means the proposed completion date for a Market Portfolio Sale
"Market Sale Minimum Price"	means a purchase price which, together with any amounts standing to the credit of the Transaction Account and/or any other cash held by or on behalf of the Issuer (other than any Swap Excluded Receivable Amounts), would be at least equal to the amount required to pay any amounts required under the relevant Priority of Payments to be paid in priority to or <i>pari passu</i> with the Notes on the Interest Payment Date following the Market Portfolio Sale Completion Date, redeem all Notes then outstanding in full together with accrued and unpaid interest on such Notes and pay costs associated with the redemption, as calculated as at the Market Portfolio Sale Completion Date but with regard to the amounts to be paid on the relevant Interest Payment Date.
"Master Definitions Agreement"	means the master definitions agreement dated the Issue Date and entered into between, <i>inter alia</i> , the Issuer and the Trustee.
"MCD"	means the European Mortgage Credit Directive (2014/17/EU).
"MCD Order"	means the Mortgage Credit Directive Order 2015.
"MCOB"	means the FCA's Mortgages and Home Finance: Conduct of Business sourcebook, as the same may be amended, revised or supplemented from time to time.
"Meeting"	means a meeting of Noteholders of any Class or Classes (whether originally convened or resumed following an adjournment).
"Member State"	means a member state of the European Union.
"MH/CP Documentation"	means an affidavit, consent or renunciation granted in terms of the Matrimonial Homes (Family Protection) (Scotland) Act 1981 (as amended) or, as applicable, the Civil Partnership Act 2004 in connection with a Mortgage relating to a Scottish Loan or its relevant Property.

<b>"MiFID Regulations"</b>	has the meaning given to such term in the section entitled " <i>Purchase and Sale</i> ".
<b>"Minimum Denomination"</b>	means £100,000 and, for so long as the rules of Euroclear or Clearstream, Luxembourg so permit, integral multiples of £1,000 in excess thereof.
<b>"Modelling Assumptions"</b>	means the assumptions set out in the section entitled " <i>Weighted Average Lives of the Notes</i> ".
<b>"Moody's"</b>	means Moody's Investor Services Limited.
<b>"Mortgage"</b>	means, in respect of each Loan, either a first ranking English Mortgage or a first ranking Scottish Mortgage.
<b>"Mortgage Conditions"</b>	means the mortgage conditions forming part of the Standard Documentation.
<b>"Mortgage Early Redemption Amounts"</b>	means the compensation amounts payable by a Borrower if a Loan is redeemed in full or in part (whether pre-enforcement or post-enforcement and whether or not waived in full or in part by the Servicer and/or the Legal Title Holder) within the Relevant Period (excluding, for the avoidance of doubt, any principal received in respect of the Loans to which the relevant Mortgages relate and any compensation amounts otherwise refunded to a Borrower).
<b>"Mortgage Pool"</b>	means the Completion Mortgage Pool and any Additional Loans in each case other than Loans which have been repaid or in respect of which funds representing principal outstanding have otherwise been received in full or which have been re-transferred to the Seller pursuant to the Mortgage Sale Agreement or in respect of which Enforcement Procedures have been completed.
<b>"Mortgage Pool Option"</b>	means from the Mortgage Pool Option Date, the option (but not the obligation), if exercised, as determined by the Mortgage Pool Option Holder, for the Issuer to repurchase and accept reassignment and/or retrocession of all (but not part of) the Loans and their Mortgages and Collateral Security.
<b>"Mortgage Pool Option Date"</b>	means the Step-Up Date or any Interest Payment Date thereafter.
<b>"Mortgage Pool Option Holder"</b>	means: <ul style="list-style-type: none"> <li>(a) where there is a sole Certificateholder, that Certificateholder; or</li> <li>(b) where there is not a sole Certificateholder, the Certificateholder(s) holding or representing at least 66.6 per cent. of the outstanding Certificates.</li> </ul>
<b>"Mortgage Pool Purchase"</b>	means a purchase of all (but not part) of the Loans and the Collateral Security by the Mortgage Pool Option Holder.
<b>"Mortgage Pool Purchase Completion Date"</b>	means the completion date of the Mortgage Pool Purchase.
<b>"Mortgage Pool Purchase Price"</b>	means an amount which, together with any amounts standing to the credit of the Transaction Account and/or any other cash held by or on behalf of the Issuer (other than any Swap Excluded Receivable Amounts), would be required to pay any amounts required under the relevant Priority of Payments to be paid in priority to or <i>pari passu</i> with the Notes on such Interest Payment



	Date, redeem all Notes then outstanding in full together with accrued and unpaid interest on such Notes and pay costs associated with the redemption, as calculated as at the Mortgage Pool Purchase Completion Date.
<b>"Mortgage Sale Agreement"</b>	means the mortgage sale agreement dated on or about the Issue Date between the Issuer, the Trustee, the Legal Title Holder and the Seller.
<b>"Most Senior Class"</b>	means: <ul style="list-style-type: none"> <li>(a) the A Notes for so long as there are any A Notes outstanding;</li> <li>(b) thereafter the B Notes for so long as there are any B Notes outstanding;</li> <li>(c) thereafter the C Notes for so long as there are any C Notes outstanding;</li> <li>(d) thereafter the D Notes for so long as there are any D Notes outstanding;</li> <li>(e) thereafter the E Notes for so long as there are any E Notes outstanding;</li> <li>(f) thereafter the F Notes for so long as there are any F Notes outstanding;</li> <li>(g) thereafter the G Notes for so long as there are any G Notes outstanding;</li> <li>(h) thereafter the X Notes for so long as there are any X Notes outstanding; and</li> <li>(i) thereafter the Z Notes for so long as there are any Z Notes outstanding;</li> <li>(j) thereafter the Certificates for so long as there are any Certificates outstanding.</li> </ul>
<b>"N(M)"</b>	means 31 October 2004.
<b>"Non-Standard Construction"</b>	means property constructed of gypsum plaster, concrete or high alumina cement, steel framed or clad property, timber framed or clad property, concrete block property susceptible to mundic, UNI-SECO prefabricated structures and certain modern methods of construction.
<b>"Noteholders"</b>	means holders of the Notes.
<b>"Note Principal Payment"</b>	has the meaning given to such term in Notes Condition 5(c) ( <i>Note Principal Payments, Principal Amount Outstanding and Pool Factor</i> ).
<b>"Note Purchase Agreement"</b>	means the note purchase agreement dated on or around 27 August 2019 between, <i>inter alia</i> , the Issuer and the Joint Lead Managers.
<b>"Notes"</b>	means the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes, the X Notes and the Z Notes.

**"Notes Basic Terms  
Modification"**

means any modification to:

- (a) the maturity date of the Notes or the dates on which interest is payable in respect of the Notes;
- (b) the date of payment of principal, interest or any other amount in respect of any Class of Notes, or, where applicable, of the method of calculating the date of payment of principal, interest or any other amount in respect of any Class of Notes, or of the method of calculating the date of payment in respect of the Certificates, except in accordance with Notes Condition 11(f) (*Modification and Waiver in relation to the Reference Rate*);
- (c) the amount of principal, the rate of interest or any other amount payable in respect of any Class of Notes or the priority of payment of such amount, or where applicable, of the method of calculating the amount payable of any principal, interest or any other amount payable in respect of any Class of Notes or of the method of calculating the amounts payable in respect of the Certificates, except in accordance with Notes Condition 11(f) (*Modification and Waiver in relation to the Reference Rate*);
- (d) the modification or addition of any other amount payable ranking ahead of or *pari passu* with any Class of Notes or Certificates, including any fees payable by the Issuer to any third party (save as permitted or contemplated under the terms of the Transaction Documents);
- (e) the priority of payment of interest or principal on the Notes;
- (f) the currency of payment of the Notes;
- (g) the definition of Notes Basic Terms Modification;
- (h) the definition of Event of Default;
- (i) the provisions concerning the quorum required at any meeting of Noteholders or the majority required to effect a Notes Basic Terms Modification or to pass an Extraordinary Resolution;
- (j) the definition of the Mortgage Pool Option Date;
- (k) any changes to the terms of the Deed Poll or any provisions concerning the exercise of the optional call thereunder, including Notes Condition 5(d) (*Optional Redemption in Full at the Direction of the Mortgage Pool Option Holder*);
- (l) any changes to the terms of the Risk Retention Regulatory Change Deed Poll or any provisions concerning the exercise of the optional call thereunder, including Notes Condition 5(e) (*Optional Redemption in Full Following the Exercise of a Risk Retention Regulatory Change Option*);

- (m) the provisions concerning limited recourse and non-petition in relation to the Issuer including Notes Condition 10 (*Enforcement of Security, Limited Recourse and Non-Petition*);
- (n) the Notes Condition 3 (*Covenants of the Issuer*); or
- (o) any waiver of any proposal or actual breach of any of the covenants (including any Event of Default or Potential Event of Default) or provisions contained in or arising pursuant to the Notes Conditions, Certificates Conditions or any Transaction Documents by any party thereto which would have the effect of any of the foregoing.

**"Notes Conditions"**

means the terms and conditions applicable to the Notes as set out in Schedule 5 (*Terms and Conditions of the Notes*) to the Trust Deed as may from time to time be modified in accordance with the Trust Deed and, with respect to any Notes represented by a Global Note, as modified by the provisions of such Global Note and any reference to a particularly numbered Condition shall be construed accordingly.

**"Observation Period"**

means the period from and including the date falling five Banking Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Issue Date) and ending on, but excluding, the date falling five Banking Days prior to the Interest Payment Date for such Interest Period (or, if applicable, the date falling five Banking Days prior to any other date on which a payment of interest is to be made in respect of the Notes).

**"OFT"**

means the Office of Fair Trading.

**"Ombudsman"**

means the Financial Ombudsman Service.

**"Ordinary Resolution"**

means:

- (a) a resolution passed at a duly convened meeting of the Noteholders or the Noteholders of such Class and held in accordance with the provisions of the Trust Deed by a majority consisting of not less than 50.1 per cent. of the persons voting thereat upon a show of hands, or if a poll is demanded, by a majority consisting of not less than 50.1 per cent. of the votes cast on such poll; or
- (b) a resolution in writing signed by or on behalf of the holders of not less than 50.1 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such holders,

and (in the circumstances set out in Notes Condition 11 (*Meetings of Noteholders; Modifications; Consents; Waiver*)) an Ordinary Resolution will pass unless 15 per cent. or more in aggregate Principal Amount Outstanding of the Notes of such Class have informed the Trustee in writing (or otherwise in accordance with the then current practice of any clearing system through which the Notes may be held) in the prescribed manner of their objection to such Ordinary Resolution within 40 days after the date on which a notice containing the text of such Ordinary Resolution which acts

as an invitation to Noteholders of such Class to object to the same and details the manner in which such objections should be made has been given to such Class in accordance with the provisions of Notes Condition 13 (*Notice to Noteholders*) by the Issuer or the Trustee and for so long as the Notes are listed on Euronext Dublin, by making it available to any Regulatory Information Service maintained by Euronext Dublin.

**"Original Property"**

means the Property which a Loan was originally secured by.

**"Originator"**

means BML.

**"outstanding"**

means, in relation to a Class of Notes, all the Notes of that Class which have been issued except:

- (a) those which have been redeemed in full in accordance with the Notes Conditions;
- (b) those in respect of which the date for redemption in full has occurred and the full amount of redemption moneys (including all interest accrued on such Notes to the date for such redemption and any interest payable under the Notes Conditions after such date) have been duly paid to the Trustee or to the Principal Paying Agent as provided in clause 2 (*Amount of the Notes and Covenant to Pay*) of the Trust Deed (and, where appropriate, notice to that effect has been given to the Noteholders in accordance with Notes Condition 13 (*Notice to Noteholders*)) and remain available for payment against presentation and surrender of Notes; and
- (c) those which have become void or in respect of which claims have become prescribed,

**provided** that for each of the following purposes:

- (i) ascertaining the right to attend and vote at any meeting of the Noteholders;
- (ii) the determination of how many Certificates are outstanding for the purposes of Notes Condition 9 (*Events of Default*) and Notes Condition 10 (*Enforcement of Security, Limited Recourse and Non-Petition*) and Notes Condition 11 (*Meetings of Noteholders; Modifications; Consents; Waiver*) and Schedule 7 (*Provisions for Meetings of Noteholders*) to the Trust Deed;
- (iii) the exercise of any discretion, power or authority which the Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Most Senior Class; and
- (iv) the determination by the Trustee of whether any event or potential event is or would be materially prejudicial to the interests of the Most Senior Class,

those Notes which are beneficially held by or on behalf of the Issuer shall (unless no longer so held) be deemed not to remain outstanding and, for the purposes of this proviso, in the case of the Global Notes, the Trustee shall

be entitled to rely on the records of Euroclear and Clearstream, Luxembourg in relation to any determination of the nominal amount outstanding of the Global Notes.

<b>"Owner-Occupied Loan"</b>	means a Loan secured by a Mortgage over a Property that is a Borrower's principal or primary residence.
<b>"Parent"</b>	means Genesis Mortgage Funding 2019-1 Parent Limited.
<b>"Parent Share Trust Deed"</b>	means the trust deed so named and dated 28 June 2019 between the Share Trustee and the Parent.
<b>"Participants"</b>	means persons that have accounts with Euroclear or Clearstream, Luxembourg.
<b>"Paying Agency Agreement"</b>	means the agreement so named and dated on or about the Issue Date between, among others, the Issuer, the Trustee and the Agents.
<b>"Paying Agents"</b>	means the Principal Paying Agent and any additional paying agent appointed pursuant to the Paying Agency Agreement or any of them.
<b>"Perfection Event"</b>	<p>means the occurrence of any of the following:</p> <ul style="list-style-type: none"><li>(a) the Trustee giving notice that it has determined that the Charged Property or any part thereof is in jeopardy (including due to the possible insolvency of one or more of the Seller or the Legal Title Holder);</li><li>(b) any action is taken for the winding-up, dissolution or reorganisation (other than on solvent grounds) of the Seller or the Legal Title Holder;</li><li>(c) the Issuer, the Trustee, the Seller or the Legal Title Holder becoming obliged to effect an assignment or assignation and/or notice by an order or decree of a court having jurisdiction, or by law or by a mandatory requirement of any regulatory authority having jurisdiction; or</li><li>(d) a Servicer Termination Event,</li></ul> <p>as more particularly described in clause 6.1 (<i>Further Assurance</i>) of the Mortgage Sale Agreement.</p>
<b>"Performance Report"</b>	means the quarterly performance report substantially in the form scheduled at Schedule 1 ( <i>Form of Performance Report</i> ) to the Cash Administration Agreement or from time to time agreed between the Issuer and the Cash Administrator.
<b>"Pool Factor"</b>	has the meaning given to such term in Notes Condition 5(c) ( <i>Note Principal Payments, Principal Amount Outstanding and Pool Factor</i> ).
<b>"Portfolio Auction Conditions"</b>	<p>means the following conditions which apply to a Market Portfolio Sale:</p> <ul style="list-style-type: none"><li>(a) the Liquidation Agent must seek and receive at least three bids from potential purchasers of the Loans and the Related Security;</li></ul>

- (b) the purchase price for the Loans and the Related Security sold pursuant to the portfolio auction process shall be at least an amount equal to the Market Sale Minimum Price;
- (c) either (i) the purchaser is resident for tax purposes in the United Kingdom, or (ii) each of the Issuer and the Seller, as applicable, having received tax advice from an appropriately qualified and experienced United Kingdom tax adviser in form and substance satisfactory to it, or such other comfort as may reasonably be required by it (including, without limitation, any clearance or other confirmation granted by HMRC), and is satisfied that the sale of the Loans will not expose the Issuer or the Legal Title Holder, as applicable, to a risk of loss in consequence of United Kingdom income tax being required to be withheld from amounts paid in respect of the Loans;
- (d) either (i) the purchaser of the legal title to the Loans has all Relevant Authorisations or (ii) the purchaser of the beneficial interest in the Loans has appointed a servicer who has the Relevant Authorisations; and
- (e) the purchaser of the beneficial interest in the Loans and their Collateral Security shall not be permitted to transfer the beneficial interest in the Loans and their Collateral Security to a further purchaser until the assignment and/or assignation of the legal title to the Loans and their Collateral Security in favour of the purchaser of legal title to the Loans and their Collateral Security is perfected unless such transfer of beneficial interest is made to an entity which is within charge to UK Corporation tax.

**"Post-Enforcement Priority of Payments"**

means the Post-Enforcement Priority of Payments set out in Notes Condition 2(d) (*Post-Enforcement Priority of Payments*).

**"Potential Event of Default"**

means any condition, event, act or circumstance which would or could, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Notes Condition 9 (*Events of Default*), become an Event of Default.

**"Pre-Enforcement Principal Priority of Payments"**

means the Pre-Enforcement Principal Priority of Payments as set out in Notes Condition 5(b) (*Mandatory Redemption of the Notes*).

**"Pre-Enforcement Priority of Payments"**

means the Pre-Enforcement Revenue Priority of Payments or the Pre-Enforcement Principal Priority of Payments, as the case may be.

**"Pre-Enforcement Revenue Priority of Payments"**

means the Pre-Enforcement Revenue Priority of Payments set out in Notes Condition 2(c) (*Pre-Enforcement Revenue Priority of Payment*).

**"Pre-Funding Ledgers"**

means the Pre-Funding Revenue Reserve Ledger and the Pre-Funding Principal Reserve Ledger.

**"Pre-Funding Reserves"**

means, together, the Pre-Funding Principal Reserve and the Pre-Funding Revenue Reserve.

**"Pre-Funding Revenue Consideration Amount"**

means, in respect of an Additional Loan, an amount equal to the product of:

	(a) the following ratio:
	(i) the principal amount outstanding of the relevant Additional Loan; divided by
	(ii) the Principal Amount Outstanding of the aggregate of the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes and the G Notes as at the Issue Date; and
	(b) the Principal Amount Outstanding of the X Notes as at the Issue Date.
<b>"Pre-Funding Principal Reserve"</b>	means the amount equal to £15,237,657 credited by the Issuer to the Pre-Funding Principal Reserve Ledger on the Issue Date.
<b>"Pre-Funding Principal Reserve Ledger"</b>	means the ledger by that name of the Issuer on the Transaction Account to record the Pre-Funding Principal Reserve.
<b>"Pre-Funding Revenue Reserve"</b>	means the amount equal to £400,000 credited by the Issuer to the Pre-Funding Revenue Reserve Ledger on the Issue Date.
<b>"Pre-Funding Revenue Reserve Ledger"</b>	means the ledger by that name of the Issuer on the Transaction Account to record the Pre-Funding Revenue Reserve.
<b>"Principal Addition Amounts"</b>	means the amount of Available Principal Funds applied as item (ii) of the Pre-Enforcement Principal Priority of Payments to make up any Further Revenue Shortfall.
<b>"Principal Amount Outstanding"</b>	means the principal amount outstanding of each note as determined in accordance with Notes Condition 5(c) ( <i>Note Principal Payments, Principal Amount Outstanding and Pool Factor</i> ).
<b>"Principal Balance"</b>	means in relation to any Loan and on any date, the current principal amount outstanding as at that date plus any other disbursement, legal expense, fee, charge or premium capitalised and added to the amounts secured by the relevant Mortgage in accordance with the conditions of the Loan on or prior to such date (including, for the avoidance of doubt, capitalised interest) less any repayments of such amounts.
<b>"Principal Collections"</b>	means an amount determined by the Cash Administrator on a Determination Date being the aggregate of: <ul style="list-style-type: none"> <li>(a) all repayments or prepayments of principal received by the Issuer in relation to the Loans in respect of the Determination Period ending on or immediately prior to such Determination Date (but excluding any Mortgage Early Redemption Amounts);</li> <li>(b) recoveries received by the Issuer and allocable to principal upon an enforcement of the Collateral Security, and recoveries received by the Issuer and allocable to principal upon (i) a purchase or a repurchase of the Loans by the Seller (or any of its affiliates), or (ii) any indemnity payment in lieu of repurchase, in each case in accordance with the terms of the Mortgage Sale Agreement and in each case received by the Issuer in the Determination Period preceding such Determination Date; and</li> </ul>

	(c) proceeds of insurance claims to the extent not allocable to principal.
<b>"Principal Deficiency"</b>	means the amount debited from time to time to the Principal Deficiency Ledger for the purposes of recording any Realised Losses and/or the application of any Principal Addition Amounts to meet a Further Revenue Shortfall or any Shortfall.
<b>"Principal Deficiency Ledger"</b>	means the A Principal Deficiency Ledger, the B Principal Deficiency Ledger, the C Principal Deficiency Ledger, the D Principal Deficiency Ledger, the E Principal Deficiency Ledger, the F Principal Deficiency Ledger and the G Principal Deficiency Ledger.
<b>"Principal Ledger"</b>	means the ledger of such name created for the purpose of recording Principal Collections and maintained by the Cash Administrator in the Transaction Account.
<b>"Principal Paying Agent"</b>	means Citibank, N.A., London Branch or any successor thereto.
<b>"Priority of Payments"</b>	means the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments, as applicable.
<b>"Product Switch"</b>	means a variation in the financial terms and conditions applicable to a Loan other than any variation: <ul style="list-style-type: none"> <li>(a) imposed by statute;</li> <li>(b) which changes the relevant Loan from an Interest Only Loan to a Repayment Loan;</li> <li>(c) which changes the relevant Loan from a Repayment Loan to an Interest Only Loan, provided that the aggregate Principal Balance of all Loans which have been changed from a Repayment Loan to an Interest Only Loan since the Issue Date does not exceed 3 per cent. of the aggregate Principal Balance of the Loans in the Completion Mortgage Pool as at the Issue Date and the relevant Loan subject to the variation itself does not cause such 3 per cent. threshold to be exceeded;</li> <li>(d) in the maturity date of the Loan where the maturity date is changed to date falling more than 3 years before the Final Maturity Date of the Notes;</li> <li>(e) in the rate of interest payable in respect of a Loan (i) as a result of any variation in the variable mortgage rate or (ii) where the terms and conditions of the Loan change the rate of interest payable by a Borrower on termination of an interest discount for a fixed period of time or the terms and conditions of the Loan otherwise change the interest rate payable; and/or</li> <li>(f) which results, <i>inter alia</i>, in (i) a Loan originally advanced to joint Borrowers being transferred solely into the name of one of the original Borrowers; or (ii) a Loan originally advanced to a single Borrower being varied so as to be jointly in the name of the original Borrower and one or more additional Borrowers provided that there is no impact on the affordability assessment,</li> </ul>



	<b>provided that</b> , for the avoidance of doubt, a Product Switch shall not mean any arrangement entered into with a Borrower as part of an arrears management, debt rehabilitation Enforcement Procedures or any arrangement imposed by statute (for example if a Loan is in arrears and a fixed rate payment schedule is agreed with a Borrower to enable arrears to be cleared or the term of the Loan is extended to assist a Borrower in financial difficulties).
<b>"Product Switch Effective Date"</b>	means, in relation to any Loan, the date upon which the Product Switch becomes effective so that the new interest rate is applied to that Loan from this date and/or the new term and/or period of the applicable interest rate of the Loan applies.
<b>"Product Switch Loan"</b>	means a Loan where a Product Switch has been agreed between the Legal Title Holder and the relevant Borrower.
<b>"Property"</b>	means, in relation to a Loan, the freehold or long leasehold residential property situated in England or Wales or heritable or long leasehold residential property situated in Scotland upon which the obligations of the Borrower are secured.
<b>"Property Deeds"</b>	means all conveyancing deeds and documents which make up the title to the Properties, the Mortgages and the Collateral Security.
<b>"Proposed Replacement Cash Administrator"</b>	means any replacement Cash Administrator proposed by the Cash Administrator to the Issuer and/or Trustee pursuant to the terms of the Cash Administration Agreement.
<b>"Proposed Replacement Servicer"</b>	means any replacement Servicer proposed by the Servicer Facilitator pursuant to the terms of the Servicing Agreement.
<b>"Prospectus"</b>	means this Prospectus of the Issuer for the purposes of the Prospectus Directive.
<b>"Prospectus Directive"</b>	means EU Directive 2003/71/EC (as amended or superseded).
<b>"Prospectus Regulation"</b>	means Regulation (EU) 2017/1129.
<b>"Provisions for Meetings of Noteholders"</b>	means the provisions contained in Schedule 7 of the Trust Deed.
<b>"Provisional Completion Mortgage Pool"</b>	means the Loans proposed to be included in the Completion Mortgage Pool as at the Cut-Off Date with the characteristics set out in the section entitled " <i>Characteristics of the Provisional Completion Mortgage Pool</i> ".
<b>"Prudential Regulation Authority" or "PRA"</b>	means the Prudential Regulation Authority which replaced the FSA on 1 April 2013.
<b>"Prudent Mortgage Lender"</b>	means a reasonably prudent mortgage lender acting in a manner consistent with that of an experienced lender, servicer or administrator of residential mortgage loans lending to borrowers in England and Wales and Scotland who include the recently self-employed, independent contractors, temporary employees and people who may have experienced previous credit problems being, in each case, people who generally do not satisfy the lending criteria of traditional sources of residential mortgage capital.
<b>"Prudent Mortgage Servicer"</b>	means a reasonably prudent residential mortgage servicer who is servicing residential mortgage loans and their collateral security in respect of residential property in England, Wales or Scotland which have in all material respects the same or similar

characteristics to the Loans and their Collateral Security comprised in the Mortgage Pool and are originated, administered and held to maturity to lending standards, lending criteria and procedures as ought to have been applied in relation to the Mortgage Pool or, if the relevant context relates to a specific Loan or its Collateral Security, as the case may be.

<b>"Purchase Date"</b>	means: <ul style="list-style-type: none"><li>(a) in relation to the Completion Mortgage Pool, the Issue Date or such earlier date as the Seller and the Issuer may agree; and</li><li>(b) in relation to any Additional Loan, the Further Purchase Date for that Additional Loan.</li></ul>
<b>"Purchase Price Notice"</b>	means a notice signed by the Issuer and sent by the Servicer to the Mortgage Pool Option Holder specifying the Mortgage Pool Purchase Price.
<b>"RAO"</b>	means the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (as amended).
<b>"Rate of Interest"</b>	means the relevant Floating Rate of Interest.
<b>"Rated Notes"</b>	means the A Notes, the B Notes, the C Notes, the D Notes, the E Notes and the F Notes.
<b>"Rating Agencies"</b>	means DBRS and S&P and <b>"Rating Agency"</b> means either of them.
<b>"Rating Agency Confirmation"</b>	means (i) the written confirmation from each Rating Agency that the implementation of such matters would not result in the then current ratings of each Class of Notes rated thereby being qualified, downgraded or withdrawn or (ii) the certification in writing from the Issuer to the Trustee that the Issuer has been unable to obtain such written confirmation but that the Rating Agencies then rating the Notes have been informed of the implementation of such matters and none of such Rating Agencies have indicated that the implementation of such matters would result in a qualification, downgrade or withdrawal of the then current ratings of each Class of Rated Notes.
<b>"Realised Losses"</b>	means the amount of the difference between: <ul style="list-style-type: none"><li>(a) the aggregate principal amount outstanding of all Loans upon the delivery of (a) foreclosure, (b) completion of Enforcement Procedures, or (c) a sale (whether by way of a voluntary sale by the mortgagor or following enforcement on behalf of the Borrower) of the related Property in respect of such Loan during the related Interest Period; and</li><li>(b) the sum of the net Principal Receipts applied to reduce the principal amounts under such Loans.</li></ul>
<b>"Receiver"</b>	means any receiver, manager or administrative receiver appointed in respect of the Issuer by the Trustee in accordance with clause 10 ( <i>Receiver</i> ) of the Deed of Charge.
<b>"Redemption Event"</b>	means the earlier to occur of (i) the Final Maturity Date, (ii) the Interest Payment Date on which the relevant Notes are redeemed

in accordance with Notes Condition 5(d) (*Optional Redemption in Full at the Direction of the Mortgage Pool Option Holder*), Notes Condition 5(e) (*Optional Redemption in Full Following the Exercise of a Risk Retention Regulatory Change Option*) or Notes Condition 5(f) (*Optional Redemption for Taxation or Other Reasons*) and (iii) the date on which the Z Notes have been redeemed in full.

<b>"Reference Banks"</b>	has the meaning given to that term in Notes Condition 4(h) ( <i>Reference Banks and Agent Banks</i> );
<b>"Reference Rate"</b>	<p><b>"Reference Rate"</b> means, in respect of any Banking Day, a reference rate equal to the daily Sterling Overnight Index Average ("<b>SONIA</b>") rate for such Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Reference Screen or, if the Reference Screen is unavailable, as otherwise published by such authorised distributors (on the Banking Day immediately following such Banking Day).</p> <p>If, in respect of any Banking Day in the relevant Observation Period, the Agent Bank determines that the Reference Rate is not available on the Reference Screen or has not otherwise been published by the relevant authorised distributors, such Reference Rate shall be: (i) the Bank of England's Bank Rate (the "<b>Bank Rate</b>") prevailing at close of business on the relevant Banking Day; plus (ii) the mean of the spread of the Reference Rate to the Bank Rate over the previous five days on which a Reference Rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate.</p>
<b>"Reference Screen"</b>	means the Reuters Screen SONIA Page (or such replacement page on that service which displays the relevant information) or, if that service ceases to display the information, such other screen service as may be determined by the Issuer.
<b>"Register"</b>	has the meaning given to it in the Global Certificates, the Global Notes, the Certificates or the Notes, as applicable.
<b>"Registers of Scotland"</b>	means the Land Register of Scotland and/or (as the context requires) the General Register of Sasines.
<b>"Registrar"</b>	means Citibank, N.A., London Branch or any successor thereto.
<b>"Regulated Market"</b>	means the regulated market of Euronext Dublin.
<b>"Regulated Mortgage Contract"</b>	means any regulated mortgage contract under FSMA.
<b>"Regulation S"</b>	means Regulation S of the Securities Act.
<b>"Relevant Authorisations"</b>	means all appropriate licences, approvals, authorisations, consents, permissions and registrations (including any approvals, authorisations, consents, permissions and registrations required to be maintained under the FSMA and any rules and regulations of the FCA) required to administer residential mortgage loans such as the Loans.
<b>"Relevant Information"</b>	means any other or ancillary information related to the Loans and/or relating to any transaction party and/or the transactions contemplated by the Transaction Documents and/or the Notes

	which may or may not be available either publicly or individually to any or all potential investors.
<b>"Relevant Margin"</b>	has the meaning given to such term in Notes Condition 4(c) ( <i>Rate of Interest</i> ).
<b>"Relevant Period"</b>	means three years from the date of advance of the relevant Loan to the Borrower.
<b>"Relevant Period End Date"</b>	has the meaning given to such term in a Swap Agreement.
<b>"Repayment Loan"</b>	means a Loan under the terms of which monthly instalments covering both interest and principal are payable by the Borrower until the Loan is fully repaid by its maturity in accordance with the relevant Loan Conditions.
<b>"Replacement Legal Title Holder"</b>	means any supplier of any services which are identical or substantially similar to the Legal Title Holder Duties and which is appointed following the termination of the appointment of the Legal Title Holder pursuant to the terms of Clause 24 (Termination of the Legal Title Holder's Appointment) of the Servicing Agreement dated on or about the Issue Date.
<b>"Replacement Servicer"</b>	means any supplier of any services which are identical or substantially similar to the Services and which is appointed following the termination of the appointment of the Servicer as described in more detail in Clause 23.10 of the Servicing Agreement dated on or about the Issue Date.
<b>"Reporting Designation Letter"</b>	means the letter so named dated on or about the Issue Date between, <i>inter alios</i> , the Issuer and the Risk Retention Holder.
<b>"Repurchase Date"</b>	means the date on which a Loan is repurchased by the Seller (or any of its affiliates).
<b>"Repurchase Price"</b>	means a cash payment to the Issuer or to such person as the Issuer may direct, in an amount equal to: <ul style="list-style-type: none"> <li>(a) 100 per cent. of the principal amount outstanding of the relevant Loan as at the Repurchase Date;</li> <li>(b) interest accrued on the Loan in that month up and to including the date falling immediately before the Repurchase Date, minus an amount equal to any interest paid in advance to the Issuer, provided that if the amount calculated in accordance with this paragraph (b) is negative this amount will be deemed to be zero for the purposes of the cash payment made to the Issuer, and the Issuer will pay the Legal Title Holder the absolute value of such negative amount on the relevant Repurchase Date (and such payment amount shall be debited to the Revenue Ledger);</li> <li>(c) an amount equal to all amounts (other than such amounts as set out in paragraphs (a) and (b) above) which are due and payable as at the Repurchase Date under that Loan; and</li> <li>(d) with respect to repurchase as a result of a breach of Warranty, the reasonable legal costs of the Issuer incurred in relation to such repurchase.</li> </ul>

<b>"Residual Payment"</b>	<p>means:</p> <ul style="list-style-type: none"> <li>(a) prior to the service of an Enforcement Notice, for an Interest Payment Date, the amount by which Available Revenue Funds exceed the amounts required to satisfy items (i) to (xxviii) of the Pre-Enforcement Revenue Priority of Payments on that Interest Payment Date and items (i) to (ix) of the Pre-Enforcement Principal Priority of Payments; and</li> <li>(b) following the service of an Enforcement Notice, for any date on which amounts are to be applied in accordance with the Post-Enforcement Priority of Payments, the amount by which amounts available for payment in accordance with the Post-Enforcement Priority of Payments exceeds the amounts required to satisfy items (i) to (xvi) of the Post-Enforcement Priority of Payments on that date.</li> </ul>
<b>"Retained Interest"</b>	<p>means the Risk Retention Holder's holding of exposure to not less than 5 per cent. of the Principal Amount Outstanding of each of the tranches of Notes (other than the X Notes and the Z Notes) from time to time in an amount sufficient to satisfy the EU Retention Requirement.</p>
<b>"Retention"</b>	<p>means at any date an amount or amounts to be advanced under a Loan but retained as at that date pending satisfaction of the Retention Conditions.</p>
<b>"Retention Conditions"</b>	<p>means, in relation to a Retention, the conditions for the release of such Retention, as described in the relevant letter of offer to the relevant Borrower from the Seller.</p>
<b>"Retention Letter"</b>	<p>means the retention letter dated the Issue Date between, among others, the Issuer, the Trustee and the Risk Retention Holder.</p>
<b>"Return Amounts"</b>	<p>means Return Amounts as defined in a Credit Support Annex.</p>
<b>"Revenue Collections"</b>	<p>means an amount determined by the Cash Administrator on a Determination Date being the aggregate of:</p> <ul style="list-style-type: none"> <li>(a) all payments of interest, fees, breakage costs and other sums not comprising Principal Collections (but excluding any Mortgage Early Redemption Amounts), if any, received by the Issuer in relation to the Loans in the Mortgage Pool in respect of the Determination Period ending immediately prior to such Determination Date;</li> <li>(b) recoveries received by the Issuer and allocable to interest upon an enforcement of the Collateral Security, and recoveries received by the Issuer and allocable to interest upon (i) a purchase or a repurchase of any Loans in the Mortgage Pool by the Seller (or any of its affiliates), or (ii) any indemnity payment in lieu of repurchase, in each case in accordance with the terms of the Mortgage Sale Agreement and in each case received by the Issuer in the Determination Period ending immediately prior to such Determination Date; and</li> <li>(c) proceeds of insurance claims to the extent not allocable to principal.</li> </ul>

<b>"Revenue Ledger"</b>	means the ledger of such name created and maintained by the Cash Administrator in the Transaction Account.
<b>"Revenue Shortfall"</b>	means an amount, if greater than zero, by which the required payment pursuant to items (i) to (vi) (inclusive) of the Pre-Enforcement Revenue Priority of Payments exceeds all Available Revenue Funds (excluding items (g), and (h) of the definition thereof).
<b>"RICS"</b>	means the Royal Institution of Chartered Surveyors.
<b>"Right to Buy Loan"</b>	means a Loan in respect of a Property made in whole or in part to a Borrower for the purpose of enabling that Borrower to exercise his right to buy the relevant Property under (a) Section 156 of the Housing Act 1985 (the " <b>1985 Act</b> ") excluding however any such Loans in respect of which the statutory charge referred to in section 155 of the 1985 Act has expired or (b) section 61 of the Housing (Scotland) Act 1987 (as amended) (the " <b>1987 Act</b> ") excluding however any such Loans in respect of which the period during which the Legal Title Holder's standard security in favour of the seller of the Property referred to in section 72 of the 1987 Act is of effect has expired.
<b>"Risk Retention Holder"</b>	means the Seller.
<b>"Risk Retention Piece"</b>	means the EU Retention Requirement.
<b>"Risk Retention Regulatory Change Deed Poll"</b>	means the risk retention regulatory change deed poll dated on or about the Issue Date, executed by the Issuer, in favour of the Risk Retention Regulatory Change Option Holder.
<b>"Risk Retention Regulatory Change Event"</b>	means any change in or the adoption of any new law, rule, direction, guidance or regulation (i) which requires or will require the manner in which the Retained Interest is held by the Risk Retention Regulatory Change Option Holder to be restructured after the Issue Date; (ii) which requires or will require the amount of the Retained Interest required to be held on the Issue Date to be increased; or (iii) which otherwise results or would result in the manner (or amount of) in which the Retained Interest is held by the Risk Retention Regulatory Change Option Holder to become non-compliant with respect to any risk retention requirements under the Securitisation Regulation or other applicable law, rule, direction, guidance or regulation.
<b>"Risk Retention Regulatory Change Option"</b>	means the option granted to the Risk Retention Regulatory Change Option Holder documented in the Risk Retention Regulatory Change Deed Poll.
<b>"Risk Retention Regulatory Change Option Holder"</b>	means the Risk Retention Holder or any other entity or entities which holds the EU Retention Requirement as permitted pursuant to the EU Retention Requirements and the Retention Letter.
<b>"Risk Retention Regulatory Change Option Exercise Notice"</b>	means a written notice to be delivered by the Risk Retention Regulatory Change Option Holder to the Issuer with a copy to the Trustee, the Servicer, the Legal Title Holder, the Cash Administrator and the Rating Agencies to exercise the Risk Retention Regulatory Change Option specifying (a) the proposed Risk Retention Regulatory Change Mortgage Pool Purchase Completion Date and (b) specifying whether the Risk Retention Regulatory Change Option Holder itself or a nominee will be

	acquiring the beneficial title to the Loans and Collateral Security in the Mortgage Pool.
<b>"Risk Retention Regulatory Change Mortgage Pool Purchase Completion Date"</b>	means the proposed completion date for the Risk Retention Regulatory Change Option.
<b>"Risk Retention Regulatory Change Option Purchase Price"</b>	means the purchase price for the Mortgage Pool under the Risk Retention Regulatory Change Deed Poll which shall be an amount that, together with any amounts standing to the credit of the Transaction Account and/or any other cash held by or on behalf of the Issuer (other than any Swap Excluded Receivable Amounts), would be required to pay any amounts required under the relevant Priority of Payments to be paid in priority to or <i>pari passu</i> with the Notes on such Interest Payment Date, redeem all Notes then outstanding in full together with accrued and unpaid interest on such Notes and pay costs associated with the redemption, as calculated as at the Risk Retention Regulatory Change Mortgage Pool Purchase Completion Date.
<b>"Risk Retention Regulatory Change Option Purchase Price Notice"</b>	means a notice signed by the Issuer and sent by the Servicer to the Risk Retention Regulatory Change Option Holder specifying the Risk Retention Regulatory Change Option Purchase Price.
<b>"Risk Retention Requirement"</b>	means the requirements set out in Article 6 the Securitisation Regulation to retain, on an on-going basis, a material net economic interest of not less than 5 per cent. in a securitisation and to comply with the disclosure obligations imposed on sponsor or originator institutions in respect of that securitisation and any applicable guidance, regulatory technical standards, implementing technical standards or related documents published by the European Banking Authority, the European Central Bank, the European Securities and Markets Authority or any other competent authority.
<b>"S&amp;P"</b>	means Standard & Poor's Ratings Services, a division of Standard & Poor's Credit Market Services Europe Limited.
<b>"SC To I Upfront Rebalancing Payment"</b>	means any payment payable by the Swap Counterparty to the Issuer which is due on the first Interest Payment Date, and calculated on the basis of the change in the prevailing mark-to-market value of the Interest Rate Swap from the Swap Counterparty's perspective taking into consideration the revised Swap Notional Amount as a result of the addition of the Additional Loans that are Fixed Rate Mortgages compared to the mark-to-market of the Interest Rate Swap prior to the addition of the Additional Loans that are Fixed Rate Mortgages to the Mortgage Pool, in accordance with the terms of the relevant Swap Agreement (provided that aside from the amendment to the Swap Notional Amount, all other terms under the Interest Rate Swap shall remain the same).
<b>"Scottish Loan"</b>	means a Loan secured by a Scottish Mortgage.
<b>"Scottish Declaration of Trust"</b>	means each Scots law declaration of trust pursuant to which the beneficial interest in the Scottish Loans and their Collateral Security is held by the Issuer.
<b>"Scottish Mortgage"</b>	means the standard security over Scottish Property which is security for a Scottish Loan.

<b>"Scottish Property"</b>	means, in relation to a Loan, a heritable or long leasehold residential property situated in Scotland upon which the obligations of the Borrower are secured.
<b>"Scottish Rectified Loans"</b>	means the Scottish Loans listed in part A of Appendix B of the Mortgage Sale Agreement in respect of which a deed of variation to the relevant Scottish Mortgage has been entered into between BML and a Borrower and registered at the Land Register of Scotland.
<b>"Scottish Trust"</b>	means the trust declared under and in terms of a Scottish Declaration of Trust.
<b>"Scottish Trust Security"</b>	means each assignation in security by the Issuer in favour of the Trustee of the Issuer's beneficial interest in each Scottish Trust entered into pursuant to the Deed of Charge.
<b>"Scottish Unrectified Loans"</b>	means the Scottish Loans listed in Part B of Appendix B of the Mortgage Sale Agreement in respect of which a deed of variation to the relevant Scottish Mortgage has been sent to a Borrower but not yet executed by the Borrower and registered at the Land Register of Scotland.
<b>"Secured Amounts"</b>	means any amounts owing to the Secured Creditors.
<b>"Secured Creditors"</b>	means each of the following: <ul style="list-style-type: none"> <li>(a) the Noteholders;</li> <li>(b) the Trustee;</li> <li>(c) any Receiver (in its capacity as a creditor secured by the Deed of Charge);</li> <li>(d) the Agents;</li> <li>(e) the Cash Administrator;</li> <li>(f) the Cash Administrator Facilitator;</li> <li>(g) the Servicer;</li> <li>(h) the Servicer Facilitator;</li> <li>(i) the Swap Counterparty;</li> <li>(j) the Account Bank;</li> <li>(k) the Swap Collateral Account Bank;</li> <li>(l) the Collection Account Provider;</li> <li>(m) the Corporate Services Provider;</li> <li>(n) the Seller;</li> <li>(o) the Legal Title Holder;</li> <li>(p) any Custodian;</li> <li>(q) any Liquidation Agent;</li> </ul>



	(r) the Certificateholders; and
	(s) any party who accedes to the Deed of Charge and any other person who is expressed in any deed supplemental to the Deed of Charge to be a Secured Creditor.
<b>"Securities Act"</b>	means the United States Securities Act of 1933, as amended.
<b>"Securitisation Regulation"</b>	means Regulation (EU) 2017/2402.
<b>"Security"</b>	means the security created in favour of the Trustee by, and contained in or granted pursuant to the Deed of Charge.
<b>"Self Certified Loan"</b>	means a Loan where the application was taken on, and marketed with, the understanding that evidence of the declared income would not be required in order to underwrite the loan.
<b>"Seller"</b>	means BML acting as the Seller of the Loans under the Mortgage Sale Agreement.
<b>"Senior Notes"</b>	means the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes and the G Notes.
<b>"Service Specification"</b>	means the service specification effective from the date of the Servicing Agreement which defines the scope of the Services to be carried out by the Servicer to the standard of a Prudent Mortgage Lender, as from time to time amended or supplemented by the agreement of the Servicer, the Legal Title Holder and the Issuer and/or as required by a regulatory authority and/or applicable law.
<b>"Servicer"</b>	means: <ul style="list-style-type: none"> <li>(a) Bluestone Mortgages Limited under the Servicing Agreement; or</li> <li>(b) if Bluestone Mortgages Limited's appointment is terminated under the Servicing Agreement, any other Servicer selected by the Servicer Facilitator and appointed by the Issuer with the approval of the Trustee.</li> </ul>
<b>"Servicer Termination Event"</b>	means any of the events of default specified under the Servicing Agreement, including non-performance by the Servicer of its obligations thereunder or if insolvency or similar events occur in relation to the Servicer.
<b>"Services"</b>	means the specific duties of the Servicer agreed to be performed by it in the Servicing Agreement.
<b>"Servicing Agreement"</b>	means the agreement so named dated on or about the Issue Date between, <i>inter alios</i> , the Issuer and the Servicer.
<b>"Servicer Facilitator"</b>	means Intertrust Management Limited or any replacement or successor thereto appointed pursuant to the Servicing Agreement.
<b>"Servicing Fee"</b>	means the fee to the Servicer payable quarterly in arrears on each Interest Payment Date, subject to the applicable Priority of Payments, comprising: <ul style="list-style-type: none"> <li>(a) a base fee in an amount equal: <ul style="list-style-type: none"> <li>(i) in respect of the first Determination Period, an amount (inclusive of VAT, if any) equal to 0.20 per cent. multiplied by the Principal Amount</li> </ul> </li> </ul>

Outstanding of the aggregate of the Senior Notes as at the Issue Date multiplied by the number of days in the first Determination Period divided by 365; or

(ii) in respect of each Determination Period following the first Determination Period, an amount (inclusive of VAT, if any) equal to 0.20 per cent. multiplied by the Principal Balance of the Loans in the Mortgage Pool as at the first day of the applicable Determination Period multiplied by the number of days in the Determination Period divided by 365 (the "**Base Fee**"); and

(b) an arrears fee (in addition to the Base Fee, and inclusive of VAT, if any) equal to 0.25 per cent. multiplied by the aggregate Principal Balance of the Loans in the Mortgage Pool which are 60 days or more in arrears as at the first day of the applicable Determination Period multiplied by the number of days in such Determination Period divided by 365 (the "**Arrears Fee**").

**"Servicing Fee Cap"** means the cap with respect to the Servicing Fee which equals an amount of 0.20 per cent. per annum of the aggregate Principal Balance of the Loans as of the last day of the applicable Determination Period (inclusive of VAT).

**"Share Trustee"** means Intertrust Corporate Services Limited, a company registered in England and Wales with company number 03920255.

**"Shortfall"** means an amount, if greater than zero, by which the required payment pursuant to items (i) to (xviii) (inclusive) of the Pre-Enforcement Revenue Priority of Payments exceeds all Available Revenue Funds (excluding items (f), (g) and (h) of the definition thereof).

**"SONIA"** means Sterling Overnight Index Average.

**"SR Data Tape"** means certain loan-by-loan information in relation to the Mortgage Pool in respect of each Determination Period as then required by and in accordance with Article 7(1)(a) of the Securitisation Regulation published on a quarterly basis in the form prescribed as at such time under the Securitisation Regulation.

**"SR Investor Report"** means the quarterly investor report published on the relevant Interest Payment Date or shortly thereafter (and at the latest one month after the relevant Interest Payment Date) as then required by and in accordance with Article 7(1)(e) of the Securitisation Regulation in the form prescribed as at such time under the Securitisation Regulation.

**"Standard Documentation"** means the documents used by the Originator in connection with its activities as residential mortgage lender in relation to the origination of the relevant Loans in substantially the forms identified in Appendix C (*Standard Documentation*) to the Mortgage Sale Agreement and such other documents as may from time to time be substituted or added thereto.

<b>"Standard Security" or "standard security"</b>	means a standard security in terms of the 1970 Act.
<b>"Start-Up Costs Ledger"</b>	means the separate ledger within the Transaction Account into which the Issuer will pay an amount in respect of Issuer Costs and Expenses on the Issue Date from part of the proceeds of the issuance of the X Notes.
<b>"Step-Up Date"</b>	means the Interest Payment Date falling in September 2022.
<b>"Subsequent S&amp;P Rating Event"</b>	<p>means the applicable framework containing transfer rating triggers as set out in the Swap Agreement, where neither the Swap Counterparty (or its successor or permitted transferee) nor any Credit Support Provider from time to time in respect of the Swap Counterparty has a long-term rating or resolution counterparty rating at least:</p> <ul style="list-style-type: none"> <li>(a) "BBB+" (if S&amp;P Framework "Strong", applies at the relevant time);</li> <li>(b) "A-" (if S&amp;P Framework "Adequate" applies the relevant time);</li> <li>(c) "A" (if S&amp;P Framework "Moderate" applies at the relevant time); and</li> <li>(d) "A+" (if S&amp;P Framework "Weak" applies at the relevant time);</li> </ul>
<b>"Swap Agreement"</b>	means the 1992 ISDA Master Agreement (Multicurrency – Cross Border) dated on or about the Issue Date (together with the schedule, the confirmations relating to the Interest Rate Swap, the Credit Support Annex, any swap transactions supplements and any amendment agreements thereto) between the Issuer and the Swap Counterparty, or any replacement agreement between the Issuer and the Swap Counterparty as a consequence of a failure to take appropriate remedial action following a Swap Counterparty Required Rating Downgrade.
<b>"Swap Collateral"</b>	means any collateral which may be provided by a Swap Counterparty in accordance with the terms of a Swap Agreement.
<b>"Swap Collateral Account"</b>	means the swap cash collateral account in the name of the Issuer at the Swap Collateral Account Bank, sort code 18-50-08, account number 11410504, to which any Swap Collateral in the form of cash received is credited, or such other replacement account as may be established from time to time in accordance with the Transaction Documents.
<b>"Swap Collateral Account Bank"</b>	means Citibank, N.A., London Branch (or such other replacement bank or financial institution as may be appointed from time to time in accordance with the Transaction Documents) in its capacity as provider of the Swap Collateral Account.
<b>"Swap Counterparty"</b>	means National Australia Bank Limited in its capacity as interest rate swap counterparty pursuant to the Swap Agreement and any permitted successor thereto in such capacity.
<b>"Swap Counterparty Required Rating"</b>	means an Initial S&P Rating Event or a Subsequent S&P Rating Event, as applicable, and <b>"Swap Counterparty Required Ratings"</b> shall be construed accordingly.

<b>"Swap Counterparty Required Rating Downgrade"</b>	means the failure of a Swap Counterparty to maintain an Initial S&P Rating Event or a Subsequent S&P Rating Event, as applicable, in accordance with the provisions of a Swap Agreement.
<b>"Swap Excluded Payable Amounts"</b>	means any amounts payable by the Issuer to a Swap Counterparty (i) that represent Return Amounts, Interest Amounts or Distributions due under a Credit Support Annex (for the purposes of this definition " <b>Interest Amounts</b> " and " <b>Distributions</b> " have the meaning given to them in a Swap Agreement); (ii) that are termination payments to the extent such payments can be satisfied from Swap Collateral provided by a Swap Counterparty; or (iii) that are termination payments to the extent such payment can be satisfied from premiums received from a replacement Swap Counterparty.
<b>"Swap Excluded Receivable Amounts"</b>	means (i) any amount of interest actually determined in respect of the principal amount of the portion of the Credit Support Balance (as defined in a Swap Agreement) comprised of cash (net of any deduction or withholding for or on account of any tax), (ii) all principal, interest and other payments and distributions of cash or other property received (net of any deduction or withholding for or on account of any tax) by the Issuer from time to time with respect to any Eligible Credit Support (as defined in a Swap Agreement) comprised in the Credit Support Balance consisting of securities, (iii) any other amounts received by the Issuer pursuant to a Credit Support Annex, (iv) any early termination payment received by the Issuer from a Swap Counterparty until a new fixed/floating swap has been entered into and/or (v) any premiums received by the Issuer from a replacement Swap Counterparty to the extent required to pay termination payments to an existing Swap Counterparty.
<b>"Swap Fixed Rate"</b>	means in respect of the Interest Rate Swap, the fixed rate provided for in the relevant Interest Rate Swap confirmation.
<b>"Swap Fixed Rate Scheduled Amount"</b>	means the amount provided for in the schedule to the relevant Interest Rate Swap that is applicable to the relevant Interest Period.
<b>"Swap Notional Amount "</b>	means, at any time, the notional amount under the terms of the Swap Agreement.
<b>"Swap Interest Period"</b>	means the period from (and including) the first calendar date of the calendar month in which an Interest Payment Date falls to (but excluding) the first calendar date of the calendar month in which the next Interest Payment Date falls, provided that the first Interest Period shall be the period from (and including) the Issue Date to (but excluding) the first calendar date of the calendar month in which the first Interest Payment Date falls.
<b>"Swap Rate Modification "</b>	has the meaning given to that term in Notes Condition 11(f) ( <i>Modification and Waiver in relation to the Reference Rate</i> ).
<b>"Swap Rate Modification Certificate "</b>	has the meaning given to that term in Notes Condition 11(f) ( <i>Modification and Waiver in relation to the Reference Rate</i> ).
<b>"Swap Subordinated Amounts"</b>	means any termination payment due to a Swap Counterparty which arises due to either (i) an Event of Default (as defined in the Swap Agreement) where the Swap Counterparty is the Defaulting Party (as defined in the Swap Agreement) or (ii) an Additional Termination Event (as defined in the Swap Agreement) which

	occurs as a result of a Swap Counterparty Required Rating Downgrade.
<b>"TARGET2 Settlement Day"</b>	means any day on which the TARGET2 system is open for the settlement of payments in euro.
<b>"TARGET2 system"</b>	means the Trans European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single platform and which was launched on 19 November 2007.
<b>"Tax Regulations"</b>	means the Taxation of Securitisation Companies Regulations 2006 made under section 84 of the Finance Act 2005, now section 624 of the Corporation Tax Act 2010.
<b>"Termination Date"</b>	has the meaning given to such term in the Swap Agreement (as applicable).
<b>"Third Party Amounts"</b>	<p>means the amounts applied from time to time during the immediately preceding Determination Period in accordance with the Servicing Agreement in making payment of certain monies which properly belong to third parties (including the Seller) such as (but not limited to):</p> <ul style="list-style-type: none"> <li>(a) payments of certain insurance premiums in respect of the Insurance Contracts (to the extent referable to the Loans);</li> <li>(b) amounts under a direct debit which are repaid to the bank making the payment if such bank is unable to recoup or recall such amount itself from its customer's account or is required to refund an amount previously debited;</li> <li>(c) any amount received from a Borrower for the express purpose of payment being made to a third party for the provision of a service to that Borrower,</li> <li>(d) any tax payments paid or payable by the Issuer during the immediately preceding Determination Period to the extent not funded from amounts standing to the credit of the Issuer Profit Ledger; and</li> <li>(e) without double counting, amounts to remedy any overdraft in relation to the Collection Account or to pay any amounts due to the Collection Account Provider to the extent attributed to the Issuer's share of the trust.</li> </ul>
<b>"Title Indemnity Insurance"</b>	means a policy of insurance in respect of title (howsoever described) to a Property.
<b>"Transaction Account"</b>	means the account in the name of the Issuer at the Account Bank, sort code 18-50-08, account number 11074350, or such other replacement account as may be established from time to time in accordance with the Transaction Documents.
<b>"Transaction Documents"</b>	means the Bank Agreement, the Collection Account Agreement, the Cash Administration Agreement, the Collection Account Declaration of Trust, the Swap Agreement, the Corporate Services Agreement, the Deed Poll, the Risk Retention Regulatory Change Deed Poll, the Deed of Charge, each Scottish Declaration of Trust, each Scottish Trust Security, the Master Definitions Agreement, the Servicing Agreement, the Mortgage Sale Agreement, the Retention Letter, the Parent Share Trust Deed, the Paying Agency Agreement, the Trust Deed, the Issuer/ICSD Agreement, the

Reporting Designation Letter and any other document agreed between the Issuer and the Trustee to be a Transaction Document.

**"Transaction Parties"**

means each of the following:

- (a) the Trustee;
- (b) the Agents;
- (c) the Cash Administrator;
- (d) the Cash Administrator Facilitator;
- (e) the Servicer;
- (f) the Servicer Facilitator;
- (g) the Legal Title Holder;
- (h) the Swap Counterparty;
- (i) the Account Bank;
- (j) the Collection Account Provider;
- (k) the Corporate Services Provider;
- (l) any Custodian;
- (m) any Liquidation Agent;
- (n) the Swap Collateral Account Bank; and
- (o) the Seller.

**"Treaty"**

means the Treaty on the functioning of the European Union (as amended).

**"Trust Deed"**

means the trust deed to be entered into between the Issuer and the Trustee on or about the Issue Date.

**"Trustee"**

means Citicorp Trustee Company Limited in its capacity as trustee for the Noteholders or any successor thereto and for the Secured Creditors appointed in respect of the Security created pursuant to the Deed of Charge, any supplemental Deed of Charge and any Scottish Trust Security and such term shall include its successors and assigns.

**"Unfair Commercial Practices Directive"**

means the directive on unfair business-to-consumer commercial practices adopted by the European Parliament and the Council on 11 May 2005.

**"Unsuccessful Market Portfolio Sale"**

means a Market Portfolio Sale process in relation to which:

- a) the Liquidation Agent is unable to obtain bids which satisfy the Portfolio Auction Conditions within 2 calendar months of:
  - i. the date on which the Seller instructs the Liquidation Agent to effect the Market Portfolio Sale; or

- ii. in case a Market Portfolio Sale process has been commenced on or after a date falling 60 days prior to the fourth Interest Payment Date following the date on which a Market Portfolio Sale is deemed to be an Unsuccessful Market Portfolio Sale (the "**Market Portfolio Sale Recommencement Date**"), the Market Portfolio Sale Recommencement Date; or
- b) the Liquidation Agent has accepted a bid and a binding agreement in relation to the transfer of the Loans has not been entered into within 2 calendar months following the date on which the bidder is notified of its bid being successful.

<b>"U.S.\$"</b>	are references to the lawful currency of the United States of America.
<b>"U.S. Risk Retention Rules"</b>	means the credit risk retention regulations implemented by the SEC pursuant to Section 15G of the Securities Exchange Act of 1934, as amended.
<b>"UTCCR"</b>	means the 1999 Regulations and (in so far as applicable) the Unfair Terms in Consumer Contracts Regulations 1994.
<b>"Variable Rate Mortgage"</b>	means a Loan in relation to which the Interest Rate is variable and linked to the BVR for the life of the Loan.
<b>"VAT"</b>	shall be construed as a reference to value added tax as that term is used in the Value Added Tax Act 1994 and all subsequent amendments thereto, and shall include any similar tax which may be imposed in addition thereto or in place thereof from time to time, and the term "value added tax" shall be construed accordingly.
<b>"Verified Noteholder"</b>	means a Noteholder which has satisfied the Trustee or any other relevant Transaction Party that it is a Noteholder in accordance with Notes Condition 11(h) ( <i>Evidence of Notes</i> ).
<b>"Volcker Rule"</b>	means the regulations adopted under Section 13 of the Bank Holding Company Act of 1956
<b>"Warehouse Financing"</b>	means the financing and/or arrangement for the provision of financing secured over, among other things, all of the Loans in the Mortgage Pool.
<b>"Warranties"</b>	means, in relation to the Loans, the representations, warranties and undertakings referred to in Clause 7 ( <i>Warranties and Representations</i> ) of the Mortgage Sale Agreement.
<b>"Weighted Average Original Loan to Value"</b>	means, in respect of the Loans in the Mortgage Pool, the weighted average of the original loan balance divided by the property valuation or, in some cases, as set out in the Lending Criteria, the lower of such valuation and the sale price of such Property, against which the Loan was underwritten.
<b>"Working Group on Sterling Risk-Free Reference Rates"</b>	means the working group established in 2015 to develop alternative risk-free rates for use instead of LIBOR style reference rates.

<b>"X Global Note"</b>	means the Global Note representing the X Notes, which will be substantially in the form set out in Schedule 1 ( <i>Form of Global Note</i> ) to the Trust Deed.
<b>"X Noteholder"</b>	means the persons who are for the time being holders of the X Notes.
<b>"X Notes"</b>	means the £3,150,000 Class X Floating Rate Notes due December 2056 and, unless stated to the contrary, all references to " <b>X Note</b> " shall be construed as a reference to such Note whether in global or definitive form.
<b>"X Residual Amount"</b>	has the meaning given to such term in Notes Condition 4(h) ( <i>Deferral of Interest</i> ).
<b>"Z Global Note"</b>	means the Global Note representing the Z Notes, which will be substantially in the form set out in Schedule 1 ( <i>Form of Global Note</i> ) to the Trust Deed.
<b>"Z Noteholder"</b>	means the persons who are for the time being holders of the Z Notes.
<b>"Z Notes"</b>	means the £4,200,000 Class Z Notes due December 2056 and, unless stated to the contrary, all references to " <b>Z Note</b> " shall be construed as a reference to such Note whether in global or definitive form.
<b>"Z Residual Amount"</b>	has the meaning given to such term in Notes Condition 4(h) ( <i>Deferral of Interest</i> ).



## CERTAIN REGULATORY DISCLOSURES

### EU Retention Requirements and exposure to the Retained Interest

The Seller (the "**Risk Retention Holder**") will undertake in the Retention Letter that it will retain, on an ongoing basis as an originator within the meaning of the Securitisation Regulation, a material net economic interest of at least 5 per cent. in the securitisation, as required by Article 6 of the Securitisation Regulation (which does not take into account any national measures) (the "**EU Retention Requirements**"). In order to satisfy the EU Retention Requirement on the Issue Date, the Risk Retention Holder will, in accordance with Article 6(3)(a) of the Securitisation Regulation, acquire, and hold on an ongoing basis, not less than 5 per cent. of the nominal value of each of the tranches of the Notes sold or transferred to investors so as to hold exposure to the Retained Interest at not less than the EU Retention Requirement. Any change to the manner in which such interest is held will be notified to investors.

As to the information made available to potential investors by the Issuer, reference is made to the information set out herein and forming part of this Prospectus and to any other information provided separately (which information shall not form part of this Prospectus) and, after the Issue Date, to the reports prepared in accordance with the Cash Administration Agreement and the Servicing Agreement and published on the following website: <https://editor.eurowdw.eu/ecb/info?edcode=RMBSUK000926100120191&pcd> (or such other website as may be notified by the Servicer to the Issuer, the Cash Administrator, the Trustee, each Rating Agency, the Noteholders and the Certificateholders from time to time or, as soon as reasonably practicable once a Repository has been registered, via a Repository)) being a website that conforms to the requirement set out in Article 7(2) of the Securitisation Regulation (which, for the avoidance of doubt does not form part of this Prospectus).

In the Retention Letter, the Risk Retention Holder will undertake:

- (a) to hold, on an ongoing basis as an originator, not less than 5 per cent. of the nominal value of each of the tranches of the Notes (other than the X Notes and the Z Notes) sold or transferred to investors so as to hold exposure to the Retained Interest at not less than the EU Retention Requirement;
- (b) to provide notice to the Issuer, the Trustee (on behalf of the Noteholders) and the Cash Administrator on or prior to the end of a Determination Period that it continues to hold exposure to the Retained Interest (and the Cash Administrator shall procure that the same is reflected in the SR Investor Report (in accordance with the requirements of Article 7 of the Securitisation Regulation) that follows the date of such notice, respectively);
- (c) to provide notice to the Issuer and the Trustee (on behalf of the Noteholders), the Servicer and the Cash Administrator as soon as practicable in the event it no longer holds exposure to the Retained Interest;
- (d) not to reduce its credit exposure to the Retained Interest either through any form of credit risk mitigation or the sale of all or part of the Retained Interest, except as may be permitted by the Securitisation Regulation; and
- (e) to comply with the applicable disclosure obligations described in Article (7)(1)(e)(iii) of the Securitisation Regulation by confirming the risk retention of the Risk Retention Holder as contemplated by Article 6(1) of the Securitisation Regulation through the provision of, *inter alios*, the information in this Prospectus and disclosure in the SR Investor Reports
- (f) not to change the manner or form in which it retains the EU Retention, except as permitted by the Risk Retention Requirements;
- (g) not to dispose of, assign, transfer, or create or cause to exist any lien over, and not to otherwise surrender, all or part of the rights, benefits or obligations arising from its Retained Interest, except as permitted by the Risk Retention Requirements;
- (h) not to utilise or enter into any credit risk mitigation techniques or any other hedge against the credit risk of its interest in the Retained Interest, except as permitted by the Risk Retention Requirements; and

- (i) to confirm or cause to be confirmed the status of its compliance with paragraphs (a) to (h) above (in each periodic report provided to Noteholders).

The Risk Retention Holder may sell, assign or transfer the Retained Interest to any party (the "**Permitted Transferee**") if such sale, assignment, assignation or transfer is permitted by the EU Retention Requirement and the Permitted Transferee gives the same representations, warranties and undertakings and agreeing to the same obligations as set out in paragraphs (a) to (h) above and certain other representations, warranties and undertakings set out in the Retention Letter.

Under the Reporting Designation Letter, the Issuer has been appointed as the designated entity under Article 7(2) of the Securitisation Regulation. Under the Servicing Agreement the Issuer has appointed the Servicer to perform all of the Issuer's obligations under Article 7 of the Securitisation Regulation. For further information please refer to the section entitled "*General Information*".

Each prospective investor is required independently to assess and determine the sufficiency of the information described above and in this Prospectus generally for the purposes of complying with Article 5 of the Securitisation Regulation and any relevant national measures and none of the Issuer, the Co-Arrangers, the Joint Lead Managers, the Seller or any Transaction Party: (i) makes any representation that the information described above or in this Prospectus is sufficient in all circumstances for such purposes, (ii) should have any liability to any prospective investor or any other person for any insufficiency of such information or any failure of the transactions contemplated herein to comply with or otherwise satisfy the requirements of the Securitisation Regulation or any other applicable legal, regulatory or other requirements, or (iii) shall have any obligation (other than the obligations in respect of Article 6 of the Securitisation Regulation undertaken by the Risk Retention Holder in the Retention Letter) to enable compliance with the requirements of the Securitisation Regulation or any other applicable legal, regulatory or other requirements. In addition, each prospective Noteholder should ensure that they comply with the implementing provisions in respect of the EU Retention Requirement in their relevant jurisdiction. Investors, who are uncertain as to the requirements which apply to them in respect of their relevant jurisdiction, should seek guidance from their regulator.

For further information please refer to the Risk Factor entitled "*Regulatory and legal risks*" and the section titled "*Securitisation Regulation*".

### **Retention Financing**

On or about the Issue Date, the Risk Retention Holder will enter into financing arrangements (the "**Retention Financing**") in respect of the Retained Interest that it is required to acquire in order to comply with the EU Retention Requirement. The Retention Financing will be on full-recourse terms. The Retention Financing would be provided directly or indirectly by a funding vehicle which is a special purpose vehicle whose shares are held on charitable trust (the "**Retention Lender**") to the Risk Retention Holder. Although the Risk Retention Holder will transfer legal and beneficial title to the Retained Interest to the Retention Lender as part of the Retention Financing, the Risk Retention Holder would retain the economic risk in the Retained Interest but not legal ownership of it.

None of the Co-Arrangers, the Joint Lead Managers, the Risk Retention Holder, any Agent, the Issuer, the Trustee or any of their respective affiliates makes any representation, warranty or guarantee that the Retention Financing will comply with the EU Retention Requirement. In particular, should the Risk Retention Holder default in the performance of its obligations under the Retention Financing, or the Retention Financing is otherwise terminated before its stated maturity, the Risk Retention Holder may not be entitled to have the Retained Interest released from the security and instead the Retention Financing may be the subject of an enforcement proceeding. In exercising its rights pursuant to the Retention Financing, the relevant lender would not be required to have regard to the EU Retention Requirement and any such termination of the Retention Financing may therefore cause the transaction described in this Prospectus to be non-compliant with the EU Retention Requirement. See "*Certain Regulatory Disclosures*".

For further information please refer to the Risk Factor entitled "*Regulatory and legal risks*" and the section titled "*Securitisation Regulation*".

**Information Regarding the Policies and Procedures of the Originator or other group entities as relevant**

As required by Article 9(1) of the Securitisation Regulation, the Originator has applied the same sound and well-defined credit-granting criteria for the Loans as it has applied to equivalent mortgage loans that are not part of the Mortgage Pool. In particular:

- (a) the Originator has applied the same clearly established processes for approving and, where relevant, amending, renewing and refinancing Loans as it has applied to equivalent mortgage loans that are not part of the Mortgage Pool; and
- (b) the Originator has effective systems in place to apply those criteria and processes in order to ensure that credit-granting is based on a thorough assessment of the Borrower's creditworthiness taking appropriate account of factors relevant to verifying the prospect of the Borrower meeting his obligations under the relevant mortgage loan agreement,

as to which please see the section titled "*Description of the Loans and Eligibility Criteria - Lending Criteria*"

**Volcker Rule**

The Issuer is of the view that it is not now, and immediately following the issuance of the Notes and the application of the proceeds thereof it will not be, a "covered fund" as defined in the regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended, commonly known as the "Volcker Rule". Although other exclusions may be available to the Issuer, this conclusion is based on the determination that the Issuer qualifies for the exclusion from the definition of "investment company" in the Investment Company Act provided by Section 3(c)(5)(c) thereunder.

## TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS

### Offers and Sales

The Notes (including interests therein represented by a Global Note, a Definitive Note or a Book-Entry Interest) have not been and will not be registered under the Securities Act or any state securities laws, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S), except pursuant to an exemption from such registration requirements. Accordingly, the Notes are being offered and sold in offshore transactions pursuant to Regulation S.

### Investor Representations and Restrictions on Resale

Each purchaser of the Notes and any subsequent transferee of the Notes (which term for the purposes of this section will be deemed to include any interests in the Notes, including Book-Entry Interests) will be deemed to have acknowledged, represented and agreed as follows:

- (a) the Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred in the United States or to, or for the account or benefit of, a U.S. Person (as defined in Regulation S) unless registered under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act, and, in each case, only in accordance with any applicable securities laws of any state or other jurisdiction of the United States. If the purchaser is purchasing the Notes within the period beginning on the later of the commencement of the offering of the Notes and the closing of the offering of the Notes and ending 40 days thereafter, such purchaser is not a U.S. Person (as defined in Regulation S) and is not acquiring the Notes for the account or benefit of such a U.S. Person;
- (b) unless the relevant legend set out below has been removed from the Notes such purchaser shall notify each transferee of Notes from it that (i) such Notes have not been registered under the Securities Act, (ii) the holder of such Notes is subject to the restrictions on the resale or other transfer thereof described in paragraph (a) above, and (iii) such transferee shall be deemed to have agreed to notify its subsequent transferees as to the foregoing;
- (c) on each day from the date on which the purchaser or transferee acquires such Notes through and including the date on which the purchaser or transferee disposes of such Notes, it is not and will not be a Benefit Plan Investor or a governmental, church or non-U.S. plan which is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code, and that in purchasing and holding such Notes it is not, will not be acting on behalf of and will not be using the assets of a Benefit Plan Investor or any such governmental, church or non-U.S. plan.
- (d) if the purchaser purchased the Notes (including beneficial interests therein) from the Issuer, it (1) is not a Risk Retention U.S. Person (unless it has obtained the prior written consent of the Seller), (2) is acquiring such Note or Certificate or a beneficial interest therein for its own account and not with a view to distribute such Note or Certificate, and (3) is not acquiring such Note or Certificate or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules. Prospective investors should note that the definition of "U.S. person" in the U.S. Risk Retention Rules is substantially similar to, but not identical to, the definition of "U.S. person" in Regulation S.

The Issuer, the Registrar, the Joint Lead Managers and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

The Notes bear a legend to the following effect:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES OR ANY OTHER RELEVANT JURISDICTION AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATION S) (1) AS PART OF THEIR DISTRIBUTION AT ANY TIME OR (2) OTHERWISE PRIOR TO THE DATE THAT IS 40

DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE NOTES AND THE CLOSING OF THE OFFERING OF THE NOTES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES.

EACH PURCHASER OR HOLDER OF THIS NOTE SHALL BE DEEMED TO HAVE REPRESENTED BY SUCH PURCHASE AND/OR HOLDING THAT (I) IT IS NOT AND IS NOT USING THE ASSETS OF A BENEFIT PLAN INVESTOR, AND SHALL NOT AT ANY TIME HOLD THIS NOTE FOR OR ON BEHALF OF A BENEFIT PLAN INVESTOR AND (II) IT IS NOT AND IS NOT USING THE ASSETS OF A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO FEDERAL, STATE, LOCAL OR NON-U.S. LAWS WHICH ARE SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED, ("**ERISA**") OR SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"). THE TERM "BENEFIT PLAN INVESTOR" SHALL MEAN (I) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA), WHICH IS SUBJECT TO TITLE I OF ERISA, (II) A PLAN DESCRIBED IN AND SUBJECT TO SECTION 4975 OF THE CODE, OR (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY UNDER U.S. DEPARTMENT OF LABOR REGULATIONS § 2510.3-101 (29 C.F.R. § 2510.3-101) AS MODIFIED BY SECTION 3(42) OF ERISA."

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