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<tr>
<td>Class A Notes</td>
<td>£124,200,000</td>
<td>Three-month Sterling LIBOR</td>
<td>0.90 per cent.</td>
<td>Interest Payment Date falling in October 2017 and each subsequent Interest Payment Date</td>
<td>Pass-through amortisation</td>
<td>October 2045</td>
<td>AAA(sf)/AAA+sf</td>
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<td>Class B Notes</td>
<td>£10,700,000</td>
<td>Three-month Sterling LIBOR</td>
<td>1.30 per cent.</td>
<td>Interest Payment Date falling in October 2017 and each subsequent Interest Payment Date</td>
<td>Pass-through amortisation</td>
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<td>AA(sf)/AA+sf</td>
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<td>Class C Notes</td>
<td>£12,100,000</td>
<td>Three-month Sterling LIBOR</td>
<td>1.60 per cent.</td>
<td>Interest Payment Date falling in October 2017 and each subsequent Interest Payment Date</td>
<td>Pass-through amortisation</td>
<td>October 2045</td>
<td>AA-(sf)/A+sf</td>
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<td>Class D Notes</td>
<td>£7,900,000</td>
<td>Three-month Sterling LIBOR</td>
<td>1.90 per cent.</td>
<td>Interest Payment Date falling in October 2017 and each subsequent Interest Payment Date</td>
<td>Pass-through amortisation</td>
<td>October 2045</td>
<td>A-(sf)/BBB+sf</td>
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<tr>
<td>Class Z Note</td>
<td>£23,265,704</td>
<td>Three-month Sterling LIBOR</td>
<td>2.00 per cent.</td>
<td>Interest Payment Date falling in October 2017 and each subsequent Interest Payment Date</td>
<td>Pass-through amortisation</td>
<td>October 2045</td>
<td>Unrated</td>
</tr>
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</table>

Prospectus dated 24 September 2014

Arranger and Lead Manager

Lloyds
The Issuer expects to issue the Notes described above on the Closing Date.

Stand alone issuance

The Issuer will make payments on the Notes from, *inter alia*, payments of principal and interest received from a portfolio comprising mortgage loans originated by Capital Home Loans Limited (the “Originator” and, prior to the Initial Legal Title Transfer Date, the “Legal Title Holder”) to borrowers secured on Properties in England and Wales to be acquired by the Issuer from the Beneficial Title Seller on the Closing Date.

See the section entitled “The Mortgage Portfolio and the Mortgage Loans” for further details.

Credit Enhancement

- The General Reserve Fund will be a non amortising reserve fund initially funded from the proceeds of issue of the Class Z Note and thereafter from Available Revenue Funds in an amount up to General Reserve Fund Target Amount (being an amount equal to 3% of the Current Balance of the Mortgage Portfolio as at the Cut-Off Date). There will be two ledgers under the General Reserve Fund (i) the Liquidity Ledger and (ii) the Credit Ledger.

- The Liquidity Ledger Required Amount (being an amount equal to 3% of the aggregate Principal Amount Outstanding of the Rated Notes) will be applied by the Issuer on any Interest Payment Date towards the payment of the amounts referred to in (i) items (a), (b), (c) and (d) of the Pre-Enforcement Revenue Payments Priorities and (ii) items (e) and (g) or, after the redemption in full of the Class A Notes and the Class B Notes, items (j) and (l) of the Pre-Enforcement Revenue Payments Priorities.

- The Credit Ledger Required Amount (being an amount by which General Reserve Fund Target Amount exceeds the Liquidity Ledger Required Amount) will be applied to reduce or eliminate (i) items (a), (b), (c) and (d) of the Pre-Enforcement Revenue Payments Priorities, (ii) any debit balance of the Class A Principal Deficiency Sub-Ledger, the Class B Principal Deficiency Sub-Ledger, the Class C Principal Deficiency Sub-Ledger and the Class D Principal Deficiency Sub-Ledger, (iii) any Interest Amount due and payable in respect of the Most Senior Class of Rated Notes and (iv) any Interest Amount due and payable in respect of Rated Notes other than Most Senior Class of Rated Notes if the debit balance on the associated Principal Deficiency Sub-Ledger is less than 50 per cent. of the Principal Amount Outstanding for that class of Rated Notes.

- Principal Losses and Principal Reallocation Amounts will be debited to the sub-ledgers of the Principal Deficiency Ledger in reverse Sequential Order: first to the Class Z Principal Deficiency Sub-Ledger, second to the Class D Principal Deficiency Sub-Ledger, third to the Class C Principal Deficiency Sub-Ledger, fourth to the Class B Principal Deficiency Sub-Ledger and lastly to the Class A Principal Deficiency Sub-Ledger. Revenue Reallocation Amounts will be credited to the relevant Principal Deficiency Sub-Ledgers in accordance with the Pre-Enforcement Revenue Payments Priorities.

- Available Revenue Funds will be applied to replenish the General Reserve Fund on each Interest Payment Date in accordance with the applicable Payments Priorities.

- The subordination of junior ranking Notes upon enforcement.

See the section entitled “Credit Enhancement and Liquidity Support” for further details.

Liquidity Support

- The Liquidity Ledger Required Amount will be applied to reduce or eliminate, among other things, any shortfall in Available Revenue Funds (without taking into account any General Reserve Drawings or Principal Reallocation Amounts) (i) to pay Interest Amounts in respect of the Class A Notes and the Class B Notes, or (ii) after the
redemption in full of the Class A Notes and the Class B Notes, to pay Interest Amounts in respect of the Class C Notes and the Class D Notes.

- The Credit Ledger Required Amount will be applied to reduce or eliminate, among other things, any shortfall in Available Revenue Funds (after the application of any Liquidity Reserve Drawings) to pay (i) Interest Amount due and payable in respect of the Most Senior Class of Rated Notes and (ii) any Interest Amount due and payable in respect of Rated Notes other than Most Senior Class of Rated Notes if the debit balance on the associated Principal Deficiency Sub-Ledger is less than 50 per cent. of the Principal Amount Outstanding for that class of Rated Notes.

- Available Principal Funds will be applied to reduce or eliminate, among other things, any shortfall in Available Revenue Funds (after the application of any Liquidity Reserve Drawings and any General Reserve Drawings) to pay (i) Interest Amounts in respect of the Most Senior Class of Rated Notes and (ii) any Interest Amount due and payable in respect of Rated Notes other than Most Senior Class of Rated Notes if the debit balance on the associated Principal Deficiency Sub-Ledger is less than 50 per cent. of the Principal Amount Outstanding for that class of Rated Notes.

- Available Revenue Funds will be applied to replenish the General Reserve Fund on each Interest Payment Date in accordance with the applicable Payments Priorities.

See the section entitled “Credit Enhancement and Liquidity Support” for further details.

Redemption Provisions

Repayment of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class Z Note (the “Notes”) with Available Principal Funds. Available Principal Funds includes, among other things, principal receipts from any disposal of the Mortgage Portfolio. Redemption to occur no later than the Final Maturity Date.

See the sections entitled “Description of the Terms and Conditions of the Notes” and Condition 8 (Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation).

Credit Rating Agencies

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 Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the “CRA Regulation”) unless the rating is provided by a credit rating agency operating in the European Community before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

Each of S&P and Fitch is a credit rating agency established in the European Community and registered under the CRA Regulation.

The European Securities and Markets Authority (“ESMA”) is obliged to maintain on its website, www.esma.europa.eu, a list of credit rating agencies registered and certified in accordance with the CRA Regulation. This list must be updated within five working days of ESMA’s adoption of any decision to withdraw the registration of a credit rating agency under the CRA Regulation. Therefore, such list is not conclusive evidence of the status of the relevant rating agency as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Each of S&P and Fitch are included on the list of registered and certified credit rating agencies that is maintained by ESMA.

Credit Ratings

Ratings are expected to be assigned to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes (the “Rated Notes”) as set out above on or before the Closing Date. The Class Z Note will not be rated.

The ratings assigned by S&P and Fitch address the likelihood of full and timely payment to the holders of the Rated Notes of: (i) interest due on each Interest Payment Date and (ii)
principal on a date that is not later than the Final Maturity Date.

The assignment of ratings to the Rated Notes is not a recommendation to invest in the Rated Notes. Any credit rating assigned to the Rated Notes may be revised or withdrawn at any time.

Listing

This document comprises a prospectus (the “Prospectus”), for the purpose of Directive 2003/71/EC as amended (the “Prospectus Directive”). The Prospectus has been approved by the Central Bank of Ireland (the “Central Bank”) as competent authority under the Prospectus Directive. The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to The Irish Stock Exchange p.l.c. (the “Stock Exchange”) for the Rated Notes to be admitted to the Official List (the “Official List”) and trading on its regulated market. The regulated market (the “Main Securities Market”) of the Stock Exchange is a regulated market for the purposes of Directive 2004/39/EC. The Issuer is not and will not be regulated by the Central Bank as a result of issuing the Rated Notes.

Such approval relates only to the Rated Notes which are to be admitted to trading on the regulated market of the Stock Exchange or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area.

The Class Z Note will not be admitted to the Official List nor will it be admitted to trading on the Main Securities Market.

Eurosystem Eligibility

The Notes at issuance are not intended to be held in a manner which will allow Eurosystem eligibility.

Obligations

The Notes will be obligations of the Issuer alone and will not be guaranteed by, or be the responsibility of, any other entity. The Notes will not be obligations of any of the Beneficial Title Seller, Legal Title Holder, their affiliates or any other party named in the Prospectus.

Retention Undertaking

Pursuant to Articles 404 to 410 of Regulation (EU) No. 575/2013, referred to as the Capital Requirements Regulation (“CRR”) and Article 51 of Regulation (EU) No 231/2013 (“Article 51”) referred to as the Alternative Investment Fund Managers Regulation (“AIFMR”), the Beneficial Title Seller will undertake to the Issuer, for the benefit of the Noteholders, that it will retain at all times until the redemption of the last of the Notes, a material net economic interest of not less than 5 per cent. in the nominal value of the securitisation in accordance with the text of Article 405 of the CRR and Article 51 of the AIFMR. As at the Closing Date, such interest will be comprised of an interest in the first loss tranche in the Class Z Note, as contemplated by Article 405 of the CRR and Article 51 of the AIFMR.

See the sections entitled “Regulatory Disclosure” and “Regulatory Initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes”.

THE “RISK FACTORS” SECTION CONTAINS DETAILS OF CERTAIN RISKS AND OTHER FACTORS THAT SHOULD BE GIVEN PARTICULAR CONSIDERATION BEFORE INVESTING IN THE NOTES. PROSPECTIVE INVESTORS SHOULD BE AWARE OF THE ISSUES SUMMARISED WITHIN THAT SECTION.
IMPORTANT NOTICE

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

RESIMAC Home Loans (UK) Limited (the “Beneficial Title Seller”) accepts responsibility for the information set out in the sections headed “The Mortgage Portfolio and the Mortgage Loans”, “Characteristics of the Provisional Mortgage Portfolio” and “Description of the Beneficial Title Seller”. To the best of the knowledge and belief of the Beneficial Title Seller (having taken all reasonable care to ensure that such is the case), the information contained in the 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.

RESIMAC Financial Services Limited (the “Master Servicer”) accepts responsibility for the information set out in the section headed “Description of the Master Servicer”. To the best of the knowledge and belief of RESIMAC Financial Services Limited (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.

Homeloan Management Limited (the “Back-Up Servicer”) accepts responsibility for the information set out in the section headed “Description of the Back-Up Servicer”. To the best of the knowledge and belief of Homeloan Management Limited (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.

The distribution of this Prospectus or any part hereof, and any offering of the Notes in certain jurisdictions may be restricted by law. No representation is made by any Transaction Party that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, and none of them assumes any responsibility for facilitating any such distribution or offering. In particular, save for obtaining the approval of this prospectus as a Prospectus for the purposes of the Prospectus Directive by the Central Bank of Ireland, no action has been or will be taken by any Transaction Party which would permit a public offering of the Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required.

Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published, in any jurisdiction, except under circumstances that will result in compliance with all applicable laws and regulations. Persons into whose possession this Prospectus comes are required by the Issuer and Lloyds Bank plc (the “Arranger” and the “Lead Manager”) to inform themselves about and to observe any such restriction. For a further description of certain restrictions on offers and sales of the Notes and distribution of this document (or any part hereof), see the section entitled “Subscription and Sale” below.

Neither the delivery of this Prospectus nor any sale or allotment made in connection with any offering of any of the Notes shall, under any circumstances, constitute a representation or create any implication that there has been no change in the information contained in this Prospectus since the date of this Prospectus.

None of the Lead Manager, the Arranger, the Trustee, the Beneficial Title Seller, the Originator, the Legal Title Holder, the Corporate Services Provider, the Master Servicer, the Sub-Servicer or the Back-Up Servicer makes any representation, warranty or undertaking, express or implied, or accepts any
responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus or part thereof or any other information provided by the Issuer in connection with the Notes, other than as expressly set out above. None of the Lead Manager, the Arranger, the Trustee, the Beneficial Title Seller, the Originator, the Legal Title Holder, the Corporate Services Provider, the Master Servicer, the Sub-Servicer or the Back-Up Servicer accepts any liability in relation to the information contained in this Prospectus or any other information provided by the Issuer in connection with the Notes, other than as expressly set out above. Each potential purchaser of Notes should determine the relevance of the information contained in this Prospectus or part hereof and the purchase of Notes should be based upon such investigation as each purchaser deems necessary. None of the Lead Manager, the Arranger, the Trustee, the Beneficial Title Seller, the Originator, the Legal Title Holder, the Corporate Services Provider, the Master Servicer, the Sub-Servicer or the Back-Up Servicer undertakes or shall undertake to review the financial condition or affairs of the Issuer nor to advise any investor or potential investor in the Notes of any information coming to their attention (other than as expressly required by the Transaction Documents).

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) and the Notes are subject to U.S. tax law requirements. The Notes may not be sold or delivered, directly or indirectly, in the United States or to any U.S. persons (see the section entitled “Subscription and Sale” below) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

None of the Issuer, the Trustee, the Lead Manager, the Arranger, the Beneficial Title Seller, the Originator, the Legal Title Holder, the Corporate Services Provider, the Master Servicer, the Sub-Servicer or the Back-Up Servicer makes any representation to any prospective investor or purchaser of the Notes regarding the legality of investment therein by such prospective investor or purchaser under applicable legal investment or similar laws or regulations.

No person has been authorised to give any information or to make any representation other than as contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer, the Trustee, the directors of the Issuer, the Lead Manager or the Arranger.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. No action has been taken by the Issuer, the Lead Manager or the Arranger other than as set out in the paragraph headed “Listing” on page iii of this Prospectus that would permit a public offer of the Notes in any country or jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any part hereof nor any other prospectus, form of application, advertisement or other offering material may be issued, distributed or published in any country or jurisdiction (including the United Kingdom and Ireland), except in circumstances that will result in compliance with applicable laws, orders, rules and regulations.

Each class of Rated Notes will be represented initially by a temporary global note in bearer form, without Coupons (a “Temporary Global Note”), which will be deposited with a common depositary (the “Common Depositary”) for Clearstream Banking, société anonyme (“Clearstream, Luxembourg”) and Euroclear Bank SA / NV (“Euroclear”) on the Closing Date. Each Temporary Global Note will be exchangeable not earlier than 40 days after the Closing Date (provided that certification of non-U.S. beneficial ownership has been received) for interests in a permanent global note in bearer form, without Coupons, for the relevant Class (each, a “Permanent Global Note” and, together with each Temporary Global Note, the “Global Notes”). The Permanent Global Notes will also be deposited with the Common Depositary.
The Class Z Note will be in registered definitive form. The Issuer will maintain a register, to be kept on the Issuer's behalf by the Class Z Note Registrar, in which the Class Z Note will be registered in the name of the holder of the Class Z Note. Transfers of all or any portion of the interest in the Class Z Note may be made only through the register maintained by the Issuer.

References in this Prospectus to “£” or “Sterling” are to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland.

**Forward Looking Statements and Statistical Information**

Certain matters contained in this Prospectus are forward looking statements. Such statements appear in a number of places in this Prospectus, including with respect to assumptions on prepayment and certain other characteristics of the Mortgage Loans, and reflect significant assumptions and subjective judgments by the Issuer that may not prove to be correct. Such statements may be identified by reference to a future period or periods and the use of forward looking terminology such as “may”, “will”, “could”, “believes”, “expects”, “anticipates”, “continues”, “intends”, “plans” or similar terms. Consequently, future results may differ from the Issuer’s expectations due to a variety of factors, including (but not limited to) the economic environment and regulatory changes in the residential mortgage industry in the United Kingdom. This Prospectus also contains certain tables and other statistical analyses (the “**Statistical Information**”) which have been prepared in reliance on information provided by the Issuer. Numerous assumptions have been used in preparing the Statistical Information, which may or may not be reflected in the material. As such, no assurance can be given as to the Statistical Information’s accuracy, appropriateness or completeness in any particular context, or as to whether the Statistical Information and/or the assumptions upon which they are based reflect present market conditions or future market performance. The Statistical Information should not be construed as either projections or predictions or as legal, tax, financial or accounting advice. The average life of or the potential yields on any security cannot be predicted, because the actual rate of repayment on the underlying assets, as well as a number of other relevant factors, cannot be determined. No assurance can be given that the assumptions on which the possible average lives of or yields on the securities are made will prove to be realistic. None of the Issuer, the Lead Manager or the Arranger has attempted to verify any forward-looking statements or Statistical Information, nor does it make any representations, express or implied, with respect thereto. Prospective purchasers should therefore not place undue reliance on any of these forward looking statements or Statistical Information. None of the Issuer, the Lead Manager or the Arranger assumes any obligation to update these forward looking statements or Statistical Information or to update the reasons for which actual results could differ materially from those anticipated in the forward looking statements or Statistical Information, as applicable.

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

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should (without limitation):

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes 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 and the impact the Notes will have on its overall investment portfolio;

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(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor’s currency;

(d) understand thoroughly the terms of the Notes and be familiar with the behaviour of assets of the type comprising the Mortgage Portfolio, the market for securities of the type represented by the Notes, and the financial markets generally; 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.

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

The information set out below is an overview of various aspects of the transaction. This overview does not purport 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.

(A) DIAGRAMMATIC OVERVIEW OF THE TRANSACTION

(B) DIAGRAMMATIC OVERVIEW OF ON-GOING CASH FLOW
(C) OVERVIEW OF THE OWNERSHIP STRUCTURE

The entire issued share capital of the Issuer is held on trust by Deutsche International Finance (Ireland) Limited as share trustee (the “Share Trustee”) under the terms of a discretionary trust, established for the benefit of non-U.S. charitable institutions.

(D) TRANSACTION PARTIES AND OTHER RELATED PARTIES ON THE CLOSING DATE

<table>
<thead>
<tr>
<th>Party</th>
<th>Name</th>
<th>Address</th>
<th>Document under which appointed/Further Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuer</td>
<td>RESIMAC UK RMBS No. 1 plc (incorporated on 9 January 2014)</td>
<td>Winchester House 1 Great Winchester Street London EC2N 2DB</td>
<td>N/A See the section entitled “The Issuer”</td>
</tr>
<tr>
<td>Legal Title Holder</td>
<td>Capital Home Loans Limited</td>
<td>Admiral House Harlington Way Fleet Hampshire GU51 4YA</td>
<td>Mortgage Sale Agreement. See the section entitled “Description of the Originator, Legal Title Holder and Sub-Servicer”</td>
</tr>
<tr>
<td>(prior to the Initial</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal Title Transfer Date)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beneficial Title Seller</td>
<td>RESIMAC Home Loans (UK) Limited (the “Beneficial Title Seller”)</td>
<td>c/o Hackwood Secretaries Limited One Silk Street London EC2Y 8HQ</td>
<td>Mortgage Sale Agreement. See the section entitled “Description of the Beneficial Title Seller”</td>
</tr>
<tr>
<td>Portfolio Option Holder</td>
<td>RESIMAC Home Loans (UK) Limited</td>
<td>c/o Hackwood Secretaries Limited One Silk Street London EC2Y 8HQ</td>
<td>Deed Poll. See the section entitled “Early Redemption of Notes”</td>
</tr>
<tr>
<td>Class Z Noteholder</td>
<td>RESIMAC Home Loans (UK) Limited</td>
<td>c/o Hackwood Secretaries Limited One Silk Street London EC2Y 8HQ</td>
<td>Trust Deed.</td>
</tr>
<tr>
<td>RESIMAC Guarantor</td>
<td>RESIMAC Limited</td>
<td>Level 9, 45 Clarence Street, Sydney NSW</td>
<td>RESIMAC MSA Guarantee and the RESIMAC Servicing Guarantee.</td>
</tr>
<tr>
<td>Party</td>
<td>Name</td>
<td>Address</td>
<td>Document under which appointed/Further Information</td>
</tr>
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<td>----------------------------------------------</td>
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</tr>
</tbody>
</table>
| **Originator**            | Capital Home Loans Limited          | Admiral House Harlington Way Fleet Hampshire GU51 4YA | N/A  
See the section entitled “Description of the Originator, Legal Title Holder and Sub-Servicer” |
| **Master Servicer**       | RESIMAC Financial Services Limited  | c/o Hackwood Secretaries Limited One Silk Street London EC2Y 8HQ | Master Servicing Agreement.  
See the sections entitled “Description of the Master Servicer” and “Servicing of the Mortgage Portfolio” |
| **Sub-Servicer**          | Capital Home Loans Limited          | Admiral House Harlington Way Fleet Hampshire GU51 4YA | Sub-Servicing Agreement.  
See the sections entitled “Description of the Originator, Legal Title Holder and Sub-Servicer” and “Servicing of the Mortgage Portfolio” |
See the sections entitled “Description of the Back-Up Servicer” and “Servicing of the Mortgage Portfolio” |
| **Cash Manager**          | Deutsche Bank AG, London Branch    | Winchester House 1 Great Winchester Street London EC2N 2DB | Cash Management Agreement.  
See the section entitled “Description of the Cash Manager” |
| **Collection Account Bank** | Barclays Bank PLC                   | 1 Churchill Place London E14 5HP             | N/A |
| **Transaction Account Bank** | Lloyds Bank plc                    | 25 Gresham Street London EC2V 7HN            | Transaction Account Agreement.  
See the sections entitled “Description of the Transaction Account Bank” and “Credit Enhancement and Liquidity Support” |
| **Trustee**               | Deutsche Trustee Company Limited    | Winchester House 1 Great Winchester Street London EC2N 2DB | Trust Deed.  
See the sections entitled “Description of the Trustee” and “The Trust Deed” |
<p>| <strong>Principal Paying Agent / Agent Bank</strong> | Deutsche Bank AG, London Branch    | Winchester House 1 Great Winchester Street London EC2N 2DB | Agency Agreement. |
| <strong>Corporate Services Provider</strong> | Deutsche Bank AG, London Branch    | Winchester House 1 Great Winchester         | Corporate Services Agreement. |</p>
<table>
<thead>
<tr>
<th>Party</th>
<th>Name</th>
<th>Address</th>
<th>Document under which appointed/Further Information</th>
</tr>
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<tbody>
<tr>
<td>Class Z Note Registrar</td>
<td>Deutsche Bank Luxembourg S.A.</td>
<td>2 boulevard Konrad Adenauer L-1115 Luxembourg Luxembourg</td>
<td>See the section entitled “The Issuer”</td>
</tr>
<tr>
<td>Competent Authority for the purposes of the Prospectus Directive</td>
<td>Central Bank of Ireland</td>
<td>Iveagh Court Block D Harcourt Road Dublin 2 Ireland</td>
<td>N/A</td>
</tr>
<tr>
<td>Listing Authority and Stock Exchange</td>
<td>The Irish Stock Exchange p.l.c.</td>
<td>28 Anglesea Street Dublin 2 Ireland</td>
<td>N/A</td>
</tr>
<tr>
<td>Clearing Systems</td>
<td>Euroclear Bank SA / NV</td>
<td>1, Boulevard du Roi Albert II B-1210 Brussels Belgium</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>Clearstream Banking, société anonyme</td>
<td>42 Avenue JF Kennedy L-1855 Luxembourg</td>
<td>N/A</td>
</tr>
<tr>
<td>Rating Agencies</td>
<td>Standard &amp; Poor’s Credit Market Services Europe Limited</td>
<td>20 Canada Square Canary Wharf E14 5LH</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>Fitch Ratings Limited</td>
<td>30 North Colonnade Canary Wharf E14 5GN</td>
<td>N/A</td>
</tr>
</tbody>
</table>
RISK FACTORS

The following is a summary of the principal risks (including all material risks of which the Issuer is presently aware) associated with an investment in the Notes about which prospective investors should be aware. It is not intended to be exhaustive as to all the matters about which prospective investors should be aware.

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.

In evaluating whether to purchase the Notes, prospective investors should not only consider the risk factors set out in this summary, but should also ensure that they carefully review this Prospectus in full and seek professional advice as each investor deems necessary.

Risks Related to the Notes

Obligations of Issuer only
The Notes represent obligations of the Issuer, and do not constitute obligations or responsibilities of, or guarantees by, any other person.

Limited source of funds
The ability of the Issuer to meet its obligations to pay (a) amounts under the Notes and (b) its operating and administrative expenses will be dependent solely on the extent of monies received or recovered by or on behalf of the Issuer. Such monies consist solely of (i) monies received or recovered on the Mortgage Loans (whether by way of monthly payments, enforcement, disposal of the Mortgage Loans or otherwise), (ii) amounts of interest received from the Transaction Account Bank under the Transaction Account Agreement and (iii) amounts available in the General Reserve Fund. Other than the foregoing, the Issuer will not have any other funds available to it to make payments under the Notes and/or any other payment obligation ranking in priority to, or pari passu with, the Notes under the applicable Payments Priorities. If such funds are insufficient, any such insufficiency will be borne by the Noteholders and the other Secured Creditors, subject to the applicable Payments Priorities. Other than as provided in the Mortgage Sale Agreement or the RESIMAC MSA Guarantee, the Issuer and the Trustee will have no recourse to the Beneficial Title Seller, the RESIMAC Guarantor or any other entity (see “Risks Related to the Mortgage Loans – Repurchase obligation of the Beneficial Title Seller” below).

Limited recourse
The Notes will be limited recourse obligations of the Issuer. If, and to the extent that, after the Charged Property has been realised and the proceeds thereof have been applied in accordance with the applicable Payments Priorities, the amounts recovered on realisation of the Charged Property are insufficient to pay or discharge amounts due from the Issuer to the Noteholders in full for any reason, the amounts will cease to be due and payable by the Issuer.

Deferral of interest payments on the Notes
If, on any Interest Payment Date, the Issuer has insufficient funds to make payment in full of all amounts of interest (including any accrued interest thereon) payable in respect of any class of Notes, (other than the Class A Notes), after having paid or provided for items of higher priority in the Pre-Enforcement Revenue Payments Priorities, then that amount shall not be due and payable and the Issuer will be entitled under Condition 7.10 (Interest Accrual) to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date or such earlier date as interest in respect of such class of Notes becomes immediately due and repayable in accordance with the Conditions and it shall not constitute an Event of
Default. To the extent that there are insufficient funds on the following Interest Payment Date or such earlier date as interest in respect of such class of Notes is scheduled to be paid in accordance with the Conditions, the deferral of interest shall continue until the Final Maturity Date or any earlier date on which Notes are redeemed pursuant to Condition 8 (Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation).

Credit risk
The Issuer is subject to the risk of default in payment by the Borrowers and the risk of failure by the Master Servicer (or, if at any time applicable, the Back-Up Servicer) on behalf of the Issuer, to realise or recover sufficient funds under the arrears and default procedures in respect of the relevant Mortgage Loan and Related Security in order to discharge all amounts due and owing by the relevant Borrowers under the relevant Mortgage Loans. This risk may affect the Issuer’s ability to make payments on the Notes but is mitigated to some extent by certain credit enhancement features which are described in the section entitled “Credit Enhancement and Liquidity Support”. However, no assurance can be made as to the effectiveness of such credit enhancement features, or that such credit enhancement features will protect the Noteholders from all risk of loss.

Liquidity risk
The Issuer is subject to the risk of insufficiency of funds on any Interest Payment Date as a result of various reasons including (i) payments being made late by Borrowers after the end of the relevant Calculation Period, (ii) contractual interest rates of the Mortgage Loans being lower than required by the Issuer in order to meet its commitments to pay interest on the Notes, and (iii) 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. This risk may adversely affect the Issuer’s ability to make payments on the Notes but is mitigated to some extent by the provision of liquidity from alternative sources as described in the section entitled “Credit Enhancement and Liquidity Support”.

Subordination of the Class B Notes, the Class C Notes, the Class D Notes and the Class Z Note
The payments of interest and principal on the Class B Notes, the Class C Notes, the Class D Notes and the Class Z Note are subordinated as follows (as set out in the section entitled “Cashflows”):

(i) the Class Z Note is subordinated at all times in right of payment of interest and principal to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes;

(ii) the Class D Notes are subordinated in right of payment of interest and principal to the Class A Notes, the Class B Notes and the Class C Notes;

(iii) the Class C Notes are subordinated in right of payment of interest and principal to the Class A Notes and the Class B Notes;

(iv) the Class B Notes are subordinated in right of payment of interest and principal to the Class A Notes.

Further, investors in (a) the Class B Notes, the Class C Notes and the Class D Notes should be aware that in certain circumstances Available Revenue will be applied to credit the Principal Deficiency Ledger prior to the payment of interest on the Class B Notes, the Class C Notes and the Class D Notes and/or (b) the Class Z Note should be aware that Available Revenue will be applied to credit the Principal Deficiency Ledger, top up the General Reserve Ledger and certain other fees, expenses and provisions of the Issuer prior to the payment of interest on the Class Z Note (see further the section entitled “Cashflows”).

There is no assurance that these subordination provisions will protect the holders of the Notes from all risks of loss.
Yield and Prepayment Considerations

The yield to maturity of the Notes of each class will depend on, among other things, the extent and timing of payments of principal (including full and partial prepayments, proceeds of disposal of Mortgage Loans or proceeds of enforcement of Mortgage Loans) on the Mortgage Loans and the price paid by the Noteholders of each class. Such yield may be adversely affected by a higher or lower than anticipated rate of prepayments on the Mortgage Loans.

The rate of prepayment of the Mortgage Loans cannot be predicted and is influenced by a wide variety of economic, social and other factors, including prevailing mortgage market interest rates, the availability of alternative financing, local and regional economic conditions and homeowner mobility. Subject to the terms and conditions of the Mortgage Loans, a Borrower may “overpay” or prepay principal at any time (which may require in some cases notification to the Legal Title Holder and in other cases the consent of the Legal Title Holder). No assurance can be given as to the level of prepayments that the Mortgage Portfolio will experience. Accelerated prepayments will lead to a reduction in the average weighted life of the Notes. See also the section entitled “The Mortgage Portfolio and the Mortgage Loans”.

Pursuant to the Deed Poll, the Portfolio Option Holder has the option to purchase the Mortgage Portfolio and its Related Security by giving notice to the Issuer with a copy to the Trustee at any time in the period from the Business Day falling 15 Business Days prior to the relevant Optional Redemption Date until such Optional Redemption Date for a purchase price which shall be the higher of (i) the aggregate market value of the Mortgage Portfolio as at the Optional Portfolio Purchase Completion Date, and (ii) an amount equal to the aggregate Principal Amount Outstanding of the Notes as at the Optional Portfolio Purchase Completion Date plus accrued but unpaid interest thereon up to and including the Optional Portfolio Purchase Completion Date, together with any payments due from the Issuer in respect of items ranking in priority to or pari passu with the Notes (including interest and principal due and payable in respect of the Notes) pursuant to the applicable Payments Priorities on the Interest Payment Date immediately following the Optional Portfolio Purchase Completion Date less the credit balance of the General Reserve Fund.

The occurrence of the Optional Portfolio Purchase will lead to a reduction in the average weighted life of the Notes. See also the section entitled “Early Redemption of Notes”.

On any Interest Payment Date on which the aggregate Principal Amount Outstanding of all the Notes is less than 10 per cent. of the aggregate Principal Amount Outstanding of all such Notes on the Closing Date, the Issuer may, subject to certain conditions, redeem all of the Notes. Further, the Issuer may, subject to certain conditions, redeem all of the Notes on any Interest Payment Date after the third anniversary of the Closing Date of the transaction. In addition, the Issuer may, subject to the Conditions, redeem all of the Notes if a change in tax law results in the Issuer being required to make a Tax Deduction in respect of any payment in respect of the Notes, or the Issuer would be subject to United Kingdom corporation tax in an accounting period on an amount which materially exceeds the Issuer Profit Amount retained during that accounting period. See Condition 8.6 (Optional Redemption in whole for taxation reasons) for further information.

Early redemption of the Notes may adversely affect the yield on the Notes.

Interest Rate Setting Risk

Following concerns raised by a number of regulators that some of the member banks surveyed by the British Bankers’ Association (the “BBA”) in connection with the calculation of the London inter-bank offered rate (“LIBOR”) across a range of maturities and currencies may have been manipulating the inter-bank lending rate, a review of LIBOR was conducted at the request of the UK Government. Following this review, a report setting out a number of recommendations for changes with respect to LIBOR (including the introduction of statutory regulation of LIBOR, replacing the BBA as administrator of LIBOR with an independent
administrator, changes to the method of compilation of lending rates and new regulatory oversight and enforcement mechanisms for rate-setting) was published in September 2012.

Many of the recommendations made by the review have been enacted into law as part of the Financial Services Act 2012 (which came into effect on 1 April 2013). Pursuant to the Financial Services Act 2012 (and any secondary legislation which may be created thereunder), the Financial Conduct Authority (the “FCA”) will be the independent regulator responsible for administration of LIBOR. As of 1 February 2014, LIBOR has been administered by ICE Benchmark Administration Limited. The FCA’s approach towards administration of LIBOR remains to be ascertained. It is not possible to ascertain whether such approach would have the effect of a sudden or prolonged increase or decrease in LIBOR or whether such approach could have an adverse impact on the value of the Notes and any payments linked to LIBOR thereunder.

Fluctuations in the value or the method of calculation of LIBOR could potentially result in (a) the contractual interest rates on the Mortgage Loans being lower than that required by the Issuer in order to meet its commitments under the Notes and its other obligations and (b) 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.

If the Sterling Screen Rate is not available, there can be no guarantee that the Issuer shall be able to appoint one or more Reference Banks to provide quotations in order to determine the Sterling Reference Rate. If the Sterling Reference Rate is unavailable and the Issuer is unable to appoint one or more Reference Banks to provide quotations, the Sterling Reference Rate in respect of such Interest Payment Date will be determined to be the most recent Sterling Reference Rate that was determined by reference to the Sterling Screen Rate or through deposit rate quotations provided by four major banks. To the extent interest amounts in respect of the Notes are determined by reference to a previously calculated Sterling Reference Rate, Noteholders may be adversely affected. In such circumstances, neither the Agent Bank nor the Trustee shall have any obligation to determine a Note Rate on any other basis.

Certain material interests

Certain of the advisers and other parties to the transaction have engaged in, and may in the future engage in, investment banking and/or commercial banking or other services for the Issuer and the Beneficial Title Seller in the ordinary course of business. Other parties to the transaction may also perform multiple roles. Accordingly, conflicts of interest may exist or may arise as a result of parties having previously engaged or in the future engaging in transactions with other parties, having multiple roles or carrying out other transactions for third parties. The parties to the transaction may pursuant to the Transaction Documents be replaced by one or more new parties. It cannot be excluded that such a new party also could have a potential conflicting interest.

Ratings of the Rated Notes

A rating issued by a Rating Agency is not a recommendation to buy, sell or hold securities and there is no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by one or both of the Rating Agencies as a result of changes in or unavailability of information or if, in the judgment of the Rating Agencies, circumstances so warrant such revision, suspension or withdrawal of the rating of the Rated Notes.

At any time, a Rating Agency may revise its relevant rating methodology, with the result that any rating assigned to the Rated Notes may be lowered. A qualification, downgrade or withdrawal of any of the ratings mentioned above may adversely impact the market value of the Rated Notes. The Class Z Note will not be rated by the Rating Agencies.

Credit rating agencies other than the Rating Agencies could seek to rate the Rated Notes 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 of the Rated Notes. For the avoidance of doubt and unless the context otherwise requires, any reference to “ratings” or “rating” in this Prospectus is to the ratings assigned by the specified Rating Agencies only.

**Ratings confirmation in relation to the Rated Notes in respect of certain actions**

The terms of certain Transaction Documents require that certain action proposed to be taken by the Issuer and/or the Trustee may only occur if the Rating Agencies confirm that such proposed action will not have an adverse effect on the then current rating of the Rated Notes (a “Rating Confirmation”).

A Rating Confirmation that any action proposed to be taken by the Issuer or the Trustee will not have an adverse effect on the then current rating of the Rated Notes does not, for example, confirm that such action (a) is permitted by the terms of the Transaction Documents or (b) is in the best interests of, or not prejudicial to, the Noteholders. While each of the Secured Creditors (including the holders of the Rated Notes), the Issuer or the Trustee (as applicable) are entitled to have regard to the fact that the Rating Agencies have confirmed that the then current rating of the Rated Notes would not be adversely affected, the above does not impose or extend any actual or contingent liability on the Rating Agencies to the Secured Creditors (including the holders of the Rated Notes), the Issuer, the Trustee or any other person or create any legal relationship between the Rating Agencies and the Secured Creditors (including the holders of the Rated Notes), the Issuer, the Trustee or any other person whether by way of contract or otherwise.

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

**The Trustee may assume performance and is not obliged to act in certain circumstances**

The Trustee is under no obligation to monitor or supervise the functions of the Master Servicer from time to time under the terms of the Master Servicing Agreement or any other person under any other Transaction Document, including but not limited to the Collection Account Declaration of Trust and will not do so, and is entitled to assume that the Master Servicer is properly performing its obligations in accordance with the provisions of the Master Servicing Agreement and that such other person is properly performing its obligations in accordance with each other Transaction Document, and will so assume.

The Trustee is under no obligation to, and shall not, review the information or documents or reports or files or discs which the Mortgage Sale Agreement or the Master Servicing Agreement or other Transaction Documents provide for to be delivered to it.

The Trustee may, at any time, at its discretion and without notice, take such proceedings, actions or steps against the Issuer or any other party to any of the Transaction Documents as it may think fit to enforce the provisions of the Notes or the Transaction Documents (including the Conditions) to which it is a party, and at any time after the service of an Enforcement Notice the Trustee may, at its discretion and without notice, take such proceedings, actions or steps as it may think fit to enforce the Security. However, the Trustee shall not be bound to take any such proceedings, actions or steps (including, but not limited to, the giving of an Enforcement Notice in accordance with Condition 12 (Events of Default)) unless:
(a) it shall have been directed to do so by an Extraordinary Resolution of the Most Senior Class of Noteholders or in writing by the holders of at least 25 per cent. in Principal Amount Outstanding of the Most Senior Class of Notes then outstanding; and

(b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

**Risks Associated with Rising Mortgage Rates**

As of the Provisional Cut-Off Date, approximately 97.87 per cent. of the loans in the Provisional Mortgage Portfolio by value constitute Base Rate Linked Mortgage Loans. Increases in the Bank of England’s base rate (the “Base Rate”), by which the mortgage rates payable under Base Rate Linked Mortgage Loans are calculated, or in the Legal Title Holder’s prevailing published standard rate, may result in Borrowers with a loan subject to a variable rate of interest being exposed to increased monthly payments as and when the related mortgage interest rate adjusts upward. This increase in Borrowers’ monthly payments may result in higher delinquency rates and losses for the Issuer in the future.

**Limited Liquidity**

No assurance is provided that there is an active and liquid secondary market for the Notes, and no assurance is provided that a secondary market for the Notes will develop or, if it does develop, that it will provide Noteholders with liquidity of investment for the life of the Notes. Any investor in the Notes must be prepared to hold their Notes for an indefinite period of time or until their 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 experienced disruptions resulting from reduced investor demand for such securities. This has had a material adverse impact on the market value of mortgage-backed securities and resulted in the secondary market for mortgage-backed securities similar to the Notes experiencing limited liquidity. In the future, limited liquidity in the secondary market may have an adverse effect on the market value of mortgage-backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the requirements of limited categories of investors.

**Denominations**

The Rated Notes are issued in the denominations of £100,000 per Note. However, for so long as the Rated Notes are represented by Global Notes, and Euroclear and Clearstream, Luxembourg so permit, the Notes shall be tradable in minimum nominal amounts of £100,000 and integral multiples of £1,000 thereafter. In such a case a Noteholder of a Rated Note who, as a result of trading such amounts, holds a principal amount of less than the minimum authorised denomination of £100,000 in his account with the relevant clearing system at the relevant time will not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of the relevant class of Rated Notes such that it holds an amount equal to one or more minimum authorised denominations.

If Definitive Notes are issued, Noteholders of Rated Notes should be aware that Definitive Notes which have a denomination that is not an integral multiple of the minimum authorised denomination may be illiquid and difficult to trade.

**Book-Entry Interests**

Unless and until Definitive Notes are issued in exchange for Book-Entry Interests (in the limited set of circumstances described under Condition 3 (*Form, Denomination and Title*)), holders and beneficial owners of Book-Entry Interests will not be considered the legal owners or holders of Rated Notes under the Trust Deed. After payment to the Principal Paying Agent, the Issuer will not have responsibility or liability for the
payment of interest, principal or other amounts to Euroclear or Clearstream, Luxembourg or to holders or beneficial owners of Book-Entry Interests.

The Rated Notes will be represented by Global Notes delivered to a common depositary for Euroclear or Clearstream, Luxembourg, and will not be held by the beneficial owners or their nominees. The Global Notes will not be registered in the names of the beneficial owners or their nominees. As a result, unless and until Rated Notes in definitive form are issued, beneficial owners will not be recognised by the Issuer or the Trustee as Noteholders, as that term is used in the Trust Deed. Accordingly, each person owning a Book-Entry Interest must rely on the relevant procedures of Euroclear and Clearstream, Luxembourg and, if such person is not a participant in such entities, on the procedures of the participant through which such person owns its interest, to exercise any right of a Noteholder under the Trust Deed.

Unlike Noteholders, holders of the Book-Entry Interests will not have the right under the Trust Deed to act upon solicitations by or on behalf of the Issuer for consents or requests by or on behalf of the Issuer for waivers or other actions from Noteholders (other than in respect of Electronic Consents). 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, holders of Book-Entry Interests will be restricted to acting through Euroclear and Clearstream, Luxembourg unless and until Definitive Notes are issued in accordance with the relevant provisions described herein under “Terms and Conditions of the Notes” below. There can be no assurance that the procedures to be implemented by Euroclear and Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed.

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

The lack of Notes in physical form could make it difficult for a Noteholder to pledge such Notes if Notes in physical form are required by the party demanding the pledge and could hinder the ability of the Noteholder to resell such Notes because some investors may be unwilling to buy Notes that are not in physical form.

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

**Rights of Noteholders and Secured Creditors**

The Trust Deed contains provisions requiring the Trustee to have regard to the interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class Z Noteholder equally as regards all powers, trusts, authorities, duties and discretions of the Trustee (except where expressly provided otherwise).

If, in the Trustee’s opinion, there is a conflict between the interests of holders of different classes of Notes, the Trustee will have regard only to the interests of the holders of the Most Senior Class of Notes then outstanding.

So long as any of the Notes are outstanding, the Trustee will have regard solely to the interest of the Noteholders and shall not have regard to the interests of the other Secured Creditors, subject to the provisions of the Trust Deed.
Risks in respect of amendments to the Transaction Documents

The Trustee shall be obliged, without any consent or sanction of the Noteholders or any of the other Secured Creditors, subject to the receipt of consent from any of the Secured Creditors party to the Transaction Document being modified or which, as a result of such amendment, would be further contractually subordinated to any Secured Creditor than would otherwise have been the case prior to such amendment, to concur with the Issuer in making any modification (other than in respect of a Reserved Matter) to the Conditions or any other Transaction Document to which it is a party or in relation to which it holds security that the Issuer considers necessary, for the purpose of complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time.

In relation to any such proposed amendment, the Issuer is required to give at least 30 calendar days’ notice to the Noteholders of each class of Notes and the Trustee of the proposed modification in accordance with Condition 21 (Notices) and by publication on Bloomberg on the “Company News” screen relating to the Notes. However, Noteholders should be aware that in relation to such amendments, if Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have not contacted the Trustee in writing (or, in respect of the Rated Notes, otherwise in accordance with the then current practice of any applicable clearing system through which such Rated Notes may be held) within such notification period notifying the Trustee that such Noteholders do not consent to the modification, the modification will be passed without Noteholder consent.

If Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have notified the Issuer or the Principal Paying Agent in writing (or, in respect of the Rated Notes, otherwise in accordance with the then current practice of any applicable clearing system through which such Rated Notes may be held) within the notification period referred to above that they 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 of Notes then outstanding is passed in favour of such modification in accordance with Condition 15 (Meetings of Noteholders).

The full requirements in relation to any modification for the purpose of complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time is set out in Condition 16.4 (Additional Right of Modification).

In addition, Noteholders should be aware that the Trustee may agree with the Issuer and/or any other person, to make certain modifications or amendments to the Conditions or the Transaction Documents without the consent of the Noteholders in certain circumstances as set out in Condition 16.1 (Modification).

Risks Related to the Mortgage Loans

Repurchase obligation of the Beneficial Title Seller

None of the Arranger, the Lead Manager, the Issuer nor the Trustee has undertaken or will undertake any investigations, searches or other actions in respect of the Mortgage Loans and their Related Security and will rely instead on, *inter alia*, the warranties given by the Beneficial Title Seller in relation to the Mortgage Loans to the Issuer in the Mortgage Sale Agreement (the “Asset Warranties”). The sole remedy provided for in the Mortgage Sale Agreement (subject to the relevant cure period as set out in the Mortgage Sale Agreement and save as described below) of the Issuer in respect of a breach of an Asset Warranty in relation to a Mortgage Loan shall be the requirement that the Beneficial Title Seller repurchase the beneficial title in any Mortgage Loan which is the subject of the breach, provided that this shall not limit any other remedies available to the Issuer if the Beneficial Title Seller fails to repurchase or purchase (as the case may be) a Mortgage Loan when obliged to do so.
There can be no assurance that the Beneficial Title Seller will honour or have the financial resources to honour such obligations under the Mortgage Sale Agreement or the obligation to repurchase or purchase (as the case may be) Mortgage Loans pursuant to the terms of the Mortgage Sale Agreement. The consideration for the repurchase or purchase (as the case may be) of any Mortgage Loan shall be payable by the Beneficial Title Seller. Investors should note that the Beneficial Title Seller may have recourse to the Originator for breach of warranty by the Originator in respect of the Mortgage Loans given under the mortgage sale agreement between the Beneficial Title Seller and the Originator (the “Initial Mortgage Sale Agreement”); however, such recourse is limited and there is no assurance that any damages claimed will be sufficient to allow the Beneficial Title Seller to honour its obligations under the Mortgage Sale Agreement to repurchase or purchase (as the case may be) the Mortgage Loans. Investors should also note that the Asset Warranties may not necessarily match the warranties received by the Beneficial Title Seller under the Initial Mortgage Sale Agreement.

The Issuer may have recourse to the RESIMAC Guarantor pursuant to the RESIMAC MSA Guarantee for a breach of the Beneficial Title Seller’s repurchase obligation under the Mortgage Sale Agreement. However, there can be no assurance that the RESIMAC Guarantor will honour or have the financial resources to honour the RESIMAC MSA Guarantee.

Knowledge of matters represented in Asset Warranties

Although the Beneficial Title Seller will give certain representations and warranties in respect of the Mortgage Loans sold by it to the Issuer, the Beneficial Title Seller was not the originator of any of the Mortgage Loans. The Beneficial Title Seller purchased beneficial title to the Mortgage Loans and Related Security from the Originator under the Initial Mortgage Sale Agreement. Accordingly, the Beneficial Title Seller has relied on the warranties given by the Originator under the Initial Mortgage Sale Agreement but does not have any direct knowledge as to whether an Asset Warranty which relates to the origination process is correct or not or (where a warranty is qualified by reference to the awareness of the Beneficial Title Seller) it may not have actual knowledge of any relevant matters which give rise to a breach of warranty.

To the extent that an Asset Warranty is not expressed to be limited by reference to the awareness of the Beneficial Title Seller, the Beneficial Title Seller will nevertheless be liable to repurchase a Mortgage Loan in relation to which there has been a breach of warranty.

Risks associated with non owner-occupied Properties

The Mortgage Loans are secured by non owner occupied freehold or leasehold properties charged as security for the repayment of a Mortgage Loan (each a “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, in particular, the condition of the private rental market within the various regional areas in England and Wales 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.

Upon enforcement of a Mortgage in respect of a Property which is the subject of an existing tenancy, the Master Servicer (or its replacement or delegate, as applicable) may not be able to obtain vacant possession of the Property, in which case the Master Servicer (or its replacement or 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 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.

Collection of amounts due under Mortgage Loans
Amounts due under the Mortgage Loans will be paid to the Collection Accounts of the Sub-Servicer held with Barclays Bank PLC. Upon the termination of the appointment of Capital Home Loans Limited as the Sub-Servicer in accordance with the Sub-Servicing Agreement, new collection account arrangements will need to be put in place by the Replacement Sub-Servicer, the Master Servicer or the then current Legal Title Holder (as applicable). Borrowers will be given notice to pay all amounts due under the Mortgage Loans to the new Collection Accounts. The Master Servicer will procure that any new Collection Accounts will be subject to a declaration of trust in favour of the Issuer on terms substantially the same as the Collection Account Declaration of Trust. A change in Collection Accounts may disrupt the collection of payments from Borrowers which may lead to a reduction in the amounts collected. This may, in turn, adversely affect the Issuer’s ability to make payment on the Notes.

The collection of amounts due under the Mortgage Loans is subject to credit, liquidity and interest rate risks and will generally vary in response to, among other things, market interest rates, general economic conditions, the financial standing of Borrowers, the extent to which Borrowers make prepayments and Redraws under their Mortgage Loans and other similar factors. Other factors (including factors which may not affect real estate values) may have an impact on the ability of the Borrowers to repay the Mortgage Loans. Loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies and bankruptcy filings by Borrowers and could ultimately have an adverse impact on the ability of Borrowers to repay Mortgage Loans.

In addition, the ability of the Issuer to dispose of a Property, in the event of enforcement against a Borrower at a price sufficient to repay the amounts outstanding under the relevant Mortgage Loan will depend upon a number of factors including the availability of buyers for the Property.

Risk of Losses Associated with Declining Property Values
The Security for the Notes consists of the Charged Property and may be affected by, among other things, a decline in the value of the Properties. No assurance can be given that the values of the Properties have remained or will remain at the level at which they were on the dates of origination of the related Mortgage Loans. Declines in property values could in certain circumstances result in the value of the Mortgages supporting the Mortgage Loans being significantly reduced and, ultimately, may result in losses to the Noteholders if the Security is required to be enforced.

Lending Criteria
The Mortgage Portfolio comprises mortgage loans secured on residential properties. The Mortgage Portfolio comprises mortgage loans made to Borrowers that include borrowers who are self-employed individuals or are otherwise considered by banks and building societies to be non-prime borrowers or are applying the mortgage loan to purchase buy to let properties (such borrowers, “Non-Conforming Borrowers”). Mortgage Loans made to Non-Conforming Borrowers may experience higher rates of delinquency, write-offs, enforcement and bankruptcy than have historically been experienced by mortgage loans made to prime borrowers and therefore carry a higher degree of risk.
**Risk of Losses Associated with Interest Only Mortgage Loans**

As of the Provisional Cut-Off Date, approximately 94.04 per cent. of the loans in the Provisional Mortgage Portfolio by value constitute Interest Only Mortgage Loans. As of the Provisional Cut-Off Date, approximately 0.23 per cent. of the loans in the Provisional Mortgage Portfolio by value constitute part repayment and part interest only Loans. Interest Only Mortgage Loans are originated with a requirement that the Borrower pay scheduled interest payments only and, as such, there is no scheduled amortisation of principal. Consequently, upon the maturity of an Interest Only Mortgage Loan, the Borrower will be required to make a bullet payment that will represent the entirety of the Principal Outstanding Balance. The ability of such Borrower to repay an Interest Only Mortgage Loan at maturity frequently depends on such Borrower’s ability to refinance the Property, to sell the Property, or to obtain funds from another source such as pension policies, personal equity plans or endowment policies (the “Policies”). The Originator has not represented that it required that such Policies be established with respect to any Interest Only Mortgage Loans. The ability of a Borrower to sell or 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 and payment history of the Borrower, tax laws and general economic conditions at that time. Because of the greater risk relating to refinancing of Interest Only Mortgage Loans, a significant downturn in the property markets or the economy could lead to a greater increase in defaults or repayment of principal of Interest Only Mortgage Loans than on Repayment Mortgage Loans. Moreover, the Mortgage Conditions in respect of Interest Only Mortgage Loans do not require a Borrower to put in place alternative funding arrangements.

Borrowers may have insufficient equity to refinance their Mortgage Loans with lenders and may have insufficient resources to pay amounts in respect of their Mortgage Loans as and when they fall due. This could lead to a higher delinquency rates and losses which in turn may adversely affect the Issuer’s ability to make payment on the Notes.

**Risk of Losses Associated with Arrears Loans**

Some Borrowers may have breached payment or non-payment obligations under the Mortgage Loans during the period since they were originated. While the Issuer will receive a degree of comfort by virtue of the Asset Warranties (see “Assignment of the Mortgage Loans and Related Security”), mortgage loans in arrears may experience higher rates of delinquency, write offs, enforcements and bankruptcy than mortgage loans without such arrears or breaches.

**Flexible Mortgage Loans**

The Mortgage Portfolio will include Mortgage Loans (such loans being “Flexible Mortgage Loans”) where the relevant Borrower may, subject to the satisfaction of certain conditions, be entitled to request (i) a repayment from the lender of amounts representing previous overpayments on that Borrower’s Mortgage Loan (each such repayment being a “Redraw”) or (ii) that an amount not exceeding the total amount of previous overpayments made by such Borrower be applied not as overpayments but in or towards payment of such Borrower’s subsequent monthly payments (each a “Payment Holiday”).

The terms of the Flexible Mortgage Loans contain an “overpayment” provision under which the Borrower may make an overpayment (which may not reduce the capital balance to less than £15,000 and may be made up to the value of 20% of the original advance in any 12 month period). The terms of the Flexible Mortgage Loans also contain certain conditions relating to Redraws and Payment Holidays. The Master Servicer or the Sub-Servicer will, acting as a Prudent Mortgage Servicer, consider any request for a Redraw or a Payment Holiday by reference to the conditions specified in the Flexible Mortgage Loans. The conditions for Payment Holidays include, (i) Payment Holidays are only permitted against accrued overpayments and (ii) only a maximum of 3 month’s payment holiday is permitted in any 12 month period. The conditions for Redraws
include, (i) Redraws are only permitted against accrued overpayments and (ii) only a maximum of 2 Redraws is permitted in any 12 month period.

To the extent that Borrowers under Flexible Mortgage Loans consistently prepay principal, the timing of payments on the Notes may be adversely affected. There may be a shortfall in interest receipts and/or principal receipts as a consequence of a Borrower taking a Payment Holiday.

**Geographic Concentration of Properties**

Certain geographic regions will from time to time experience weaker regional economic conditions and housing markets than other regions and, consequently, will experience higher rates of loss and delinquency on mortgage loans generally.

There are concentrations of Properties within certain regional areas which may present risk considerations in addition to those generally present for similar mortgage loan asset backed securities without such concentrations. See the section entitled “Characteristics of the Provisional Mortgage Portfolio”.

**Realisation of Charged Property and Liquidity Risk**

The ability of the Issuer to redeem all the Notes in full and to pay amounts to the Noteholders including after the occurrence of an Event of Default, may depend upon whether the Mortgage Loans can be realised to obtain an amount sufficient to redeem the Notes. Unless such Mortgage Loans are sold pursuant to an exercise of the Portfolio Purchase Option, there can be no assurance that the Mortgage Loans can be realised for an amount sufficient to redeem the Notes. There may not be an active and liquid secondary market in the United Kingdom for loans with characteristics similar to the Mortgage Loans. It may not, therefore, be possible for the Issuer or, as the case may be, the Trustee or a Receiver to sell the Mortgage Loans on appropriate terms should such a course of action be required.

**Servicing of the Mortgage Loans and Reliance on Third Parties**

If the appointment of the Master Servicer is terminated under the Master Servicing Agreement, it would be necessary for the Back-Up Servicer (in accordance with the Back-Up Servicing Agreement), or a substitute servicer with experience of servicing residential property mortgage loans in the United Kingdom, to be appointed. Such appointment would be made on the terms of the Back-Up Servicing Agreement (in the case of the Back-Up Servicer) or (in the case of a substitute servicer which is not the Back-Up Servicer) on substantially the same terms as those set out in the Master Servicing Agreement. Where the substitute servicer is not the Back-Up Servicer, it will also be a requirement either that the Rating Agencies do not indicate (within a period of 30 days) that such appointment would result in negative action in relation to the then current ratings of the Rated Notes, or that such appointment is ratified by an Extraordinary Resolution of the holders of the Most Senior Class of Notes.

The ability of the Back-Up Servicer or a substitute servicer fully to perform the required services would depend on the information, software and records available at the time of the relevant appointment. Further, no assurance can be given that upon termination, the Back-Up Servicer will be able to perform its duties under the Back-Up Servicing Agreement or that the Issuer will be able to appoint a suitable substitute servicer and the Trustee has no obligation to act as servicer in such event. In addition, at all times the Back-Up Servicer will require at least 60 days’ notice before it is obliged to assume the servicing functions as contemplated by the Back-Up Servicing Agreement.

As at the Closing Date, the Master Servicer has the ability under the Master Servicing Agreement to sub-contract its obligations. Notwithstanding any such sub-contracting to any party or delegation of the performance of any of its obligations under the Master Servicing Agreement, the Master Servicer will remain responsible for the performance of such obligations under the Master Servicing Agreement.
As at the Closing Date, the Master Servicer does not have the necessary licences, approvals, registrations and authorisations to conduct the servicing functions under the Master Servicing Agreement. On or about the Closing Date, the Master Servicer will sub-contract certain of its servicing functions to the Sub-Servicer under the Sub-Servicing Agreement. The Sub-Servicer will perform day-to-day servicing functions as further described in the Sub-Servicing Agreement including collections, arrears management and enforcement of security but will not have any obligation to pursue shortfall recoveries following the sale of a Property (save as otherwise agreed between the Sub-Servicer and the Master Servicer).

It should also be noted that the Sub-Servicer will not be required to take instructions from the Master Servicer, the Issuer or the Trustee in relation to the services to be provided by it under the Sub-Servicing Agreement, but will act as a Prudent Mortgage Servicer and in accordance with its then current policies and procedures.

If the appointment of the Sub-Servicer is terminated under the Sub-Servicing Agreement, it would be necessary for the Master Servicer to assume the performance of the Delegated Services (if it has obtained the necessary licences, approvals, registrations and authorisations to conduct the servicing functions under the Master Servicing Agreement) or to appoint a Replacement Sub-Servicer to perform the Delegated Services. However, there can be no assurance that the Master Servicer will be able to appoint a suitable replacement or to perform the Delegated Services. The appointment of a Replacement Sub-Servicer would be made on substantially the same terms as those set out in the Sub-Servicing Agreement (or as otherwise agreed). In such an event, the rate of repayments received in respect of the Mortgage Portfolio may be affected which in turn may adversely affect the average weighted life of the Notes and their yield to maturity.

The Issuer may have recourse to the RESIMAC Guarantor pursuant to the RESIMAC Servicing Guarantee for a breach of the Master Servicer’s obligations under the Master Servicing Agreement. However, there can be no assurance that the RESIMAC Guarantor will honour or have the financial resources to honour the RESIMAC Servicing Guarantee.

The Issuer is party to contracts with a number of other third parties who have agreed to perform services in relation to the Notes. In particular, but without limitation, the Cash Manager under the Cash Management Agreement, the Transaction Account Bank under the Transaction Account Agreement, the Principal Paying Agent, the Agent Bank and the Class Z Note Registrar under the Agency Agreement and the Corporate Services Provider under the Corporate Services Agreement have all agreed to provide services with respect to the Notes. If any of the above parties were to fail to perform their obligations under the respective agreements to which they are a party or were to resign from their appointment or if their appointment under the agreements to which they are a party were to be terminated (in each case, without being replaced), Noteholders may be adversely affected. It should also be noted that the liability of a number of these parties, including the Master Servicer, the Back-Up Servicer and the Cash Manager, is limited in accordance with the terms of their relevant agreements.

**Buildings Insurance Policy**

No assurance can be given that the Issuer will always receive the benefit of any claims made under any applicable buildings insurance policy or that the amounts received in respect of a successful claim will be sufficient to reinstate the affected Property. This could adversely affect the Issuer’s ability to redeem the Notes.

**Title of the Issuer**

Legal title to all of the Mortgage Loans and (subject to registration or recording at the Land Registry of England and Wales (the "Land Registry")) their related Mortgages are currently vested in the Originator in its capacity as the initial Legal Title Holder. Upon the occurrence of the Initial Legal Title Transfer Date, legal
title to all the Mortgage Loans and (subject to registration or recording at the Land Registry) their related Mortgages will be vested in the Replacement Legal Title Holder.

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

Until the Issuer obtains legal title to the Mortgage Loans and their related Mortgages, the sale of the Mortgage Loans and their related Mortgages will take effect in equity only, in terms of which the Issuer will acquire the beneficial interest therein.

In all cases, this means that in order for legal title to be transferred to the Issuer, transfers, conveyances and assignments would have to be registered or recorded at the Land Registry and notice would have to be given to Borrowers of the transfer.

General Regulatory Considerations

No assurance can be given that any relevant regulatory authority will not in the future take action or that future adverse regulatory developments will not arise with regard to the mortgage market in the United Kingdom generally, or specifically in relation to the Master Servicer, the Sub-Servicer, the Legal Title Holder or the Back-Up Servicer. Any such action or developments may have a material adverse effect on the Mortgage Loans, the Issuer, the Master Servicer, the Sub-Servicer, the Legal Title Holder or the Back-Up Servicer (as the case may be) and their respective businesses and operations. In particular, the cost of compliance with any such regulation, action or requirement may adversely affect the ability of the Issuer to meet its financial obligations under the Transaction Documents.

Recent Changes to the UK regulatory structure

The way in which providers of Mortgage Loans are licensed and regulated has recently been changed as a result of two developments.

First, the Financial Services Act 2012 came into force on 1 April 2013 and established a new regulatory body, the Financial Conduct Authority (the “FCA”). The FCA commenced its regulatory responsibilities as the new regulator on that date. The FCA has power to render unenforceable contracts made in contravention of its product intervention rules. The Financial Services Act 2012 also formalises cooperation between the FCA and the Financial Ombudsman Service, particularly where issues identified have potentially wider implications. The Financial Services Act 2012 also created the new Prudential Regulation Authority (the “PRA”), which is responsible for the prudential supervision of deposit takers, insurers and a small number of significant investment firms.

Secondly, the way in which providers of credit and related companies are licensed was recently changed in the United Kingdom. On 1 April 2014, the scope of the Financial Services and Markets Act 2000 (“FSMA”) was extended, by amendment to the Financial Services and Markets Act 2000 (Regulated Activities) Order
2001 (the “Regulated Activities Order”) *inter alia*, to include regulation of certain credit agreements ("Regulated Credit Agreements") which were previously regulated under the Consumer Credit Act 1974 ("CCA"). Responsibility for the regulation of consumer credit was transferred from the Office of Fair Trading ("OFT") to the FCA with effect from 1 April 2014. The FCA is now responsible for the conduct of business and ensuring that business across financial services and markets is conducted in a way which advances the interests of all users and participants.

As a result of the above developments, the FCA now regulates under FSMA loans falling within either the Regulated Mortgage Contracts (as defined below) regime or the Regulated Credit Agreements regime. To avoid duplication, Regulated Mortgage Contracts are excluded from the definition of Regulated Credit Agreements such that a given mortgage loan cannot fall within both of the Regulated Mortgage Contracts and Regulated Credit Agreements regimes under FSMA.

Whilst the licensing regime under the CCA has been repealed and replaced by a similar regime under FSMA, other parts of the CCA remain in force and continue to regulate agreements which are Regulated Credit Agreements under FSMA and, in some cases, regulate contracts which are Regulated Mortgage Contracts under FSMA.

At this stage it is still not certain what effect these changes in regulatory structure will have on the Mortgage Loans, the Legal Title Holder, the Beneficial Title Seller and the Issuer and their respective businesses and operations, which may affect the Issuer’s ability to make payments in full on the Notes when due.

**Mortgages Regulated under FSMA**

In the United Kingdom, regulation of certain residential mortgage business under FSMA came into force on 31 October 2004 (the “Mortgage Regulation Date”). This regulatory power is exercised by the FCA as of 1 April 2013. Prior to that date this power was exercised by the previous regulator, the Financial Services Authority (“FSA”). Subject to certain exemptions, entering into, arranging or advising in respect of or administering Regulated Mortgage Contracts (as defined below) (or agreeing to do any of these things) are regulated activities under FSMA requiring authorisation and permission from the FCA.

A credit agreement is a “Regulated Mortgage Contract” under FSMA if, at the time it is entered into on or after the Mortgage Regulation Date (a) the borrower is an individual or trustee, (b) the contract provides for the obligation of the borrower to repay to be secured by (in England and Wales) a first ranking legal mortgage on land (other than timeshare accommodation) in the United Kingdom, (c) at least 40 per cent. of that land is used, or is intended to be used, as or in connection with a dwelling by the borrower or (in the case of credit provided to trustees) by an individual who is a beneficiary of the trust or by a related person and (d) the credit agreement is not a “regulated home purchase plan” as defined in the Regulated Activities Order.

As the Mortgage Portfolio consists only of Buy to Let Loans, the Mortgage Loans should not be Regulated Mortgage Contracts.

**Proposed changes to United Kingdom mortgage regulation**

In November 2009, the government of the United Kingdom launched a consultation on mortgage regulation, which set out proposals to extend the scope of the powers of the previous regulator, the FSA, to include buy-to-let mortgages and introduce a regulated activity of managing Regulated Mortgage Contracts which is intended to protect consumers when mortgage loans are sold. If put into effect such regulatory powers would now be exercised by the FCA. The consultation followed the announcements on mortgage regulation made in the July 2009 “Reforming financial markets” consultation paper, which set out the Government’s proposals for reform of the financial system. Following the consultation there have been no moves to implement regulation of buy-to-let mortgages and the UK government has indicated that it does not intend to implement such regulation provided that the industry ensures certain minimum protections for landlords.
The Regulated Credit Agreement Regime under FSMA

As noted above, any credit agreement intended to be a Regulated Mortgage Contract under 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 FSMA, because of technical rules on (a) determining whether the credit agreement or any part of it falls within the definition of Regulated Mortgage Contract and (b) changes to credit agreements.

As also noted above, on 1 April 2014, responsibility for the regulation of consumer credit was transferred from the OFT to the FCA. As part of this transfer, the CCA licensing provisions have been repealed and replaced by corresponding provisions in the FSMA framework. The majority of the current conduct of business rules in the CCA will remain, with a number being transferred into the Consumer Credit sourcebook (“CONC”) in the FCA’s handbook. This means that from 1 April 2014 credit agreements previously regulated by the CCA have become subject to both the CCA and FSMA (and its associated secondary legislation and the FCA’s handbook).

A credit agreement is regulated by the CCA where it was made before 1 April 2014 and (a) the Borrower was or included an “individual” as defined in the CCA; (b) if the credit agreement was made before 6 April 2008, the amount of “credit” as defined in the CCA did 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 was not an exempt agreement under the CCA. A credit agreement is regulated by both FSMA and the CCA where it was made on or after 1 April 2014 and it is an agreement between an individual or relevant recipient of credit (“A”) and any other person (“B”) under which B provides A with credit of any amount and is not an exempt agreement under Articles 60C to 60H of the Regulated Activities Order. For this purpose, a “relevant recipient of credit” is (a) a partnership consisting of two or three persons not all of whom are bodies corporate, or (b) an unincorporated body of persons which does not consist entirely of bodies corporate and is not a partnership.

The CCA 2006

The Consumer Credit Act 2006 (the “CCA 2006”), which amends and updates the CCA, was enacted on 30 March 2006 and was fully implemented by 31 October 2008. For example, the “extortionate credit” regime set out in sections 137 to 140 of the CCA was replaced by an “unfair relationship” test set out in sections 140A to 140C of the CCA. The “unfair relationship” test applies to all existing and new credit agreements except Regulated Mortgage Contracts and “regulated home purchase plans” (as defined in the Regulated Activities Order), whether or not they were regulated under the CCA and/or are regulated under the Regulated Credit Agreement regime. The CCA 2006 explicitly allows for a court to order repayment of amounts received from a borrower by both the originator and any assignee (such as the Beneficial Title Seller).

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. The courts may, but are not obliged to, look solely to the CCA 2006 for guidance. Once the debtor alleges that an “unfair relationship” exists, the burden of proof is on the creditor to prove the contrary. It is unclear how the “unfair relationship” test will be interpreted by the courts. However, the word “unfair” is not an unfamiliar term in UK legislation due to the UTCCR (as defined below).

An alternative dispute resolution scheme for consumer credit matters is run by the Ombudsman and was established on 6 April 2007. The responsibility for regulating consumer credit matters was transferred from the OFT to the FCA from 1 April 2014. FCA has many of the same powers formerly exercised by the OFT.
under CCA 2006 as well as certain further powers. However, it has been indicated that the regulation of consumer credit matters by the FCA in the future will differ from the regulatory practices of the OFT.

**Consumer Credit Directive 2008**

In April 2008, the European Parliament and the Council adopted a second directive on consumer credit (the “Consumer Credit Directive”), which provides that, subject to exemptions, loans not exceeding €75,000 will be regulated. The Consumer Credit Directive repeals and replaces the first consumer credit directive. The Consumer Credit Directive came into effect in the United Kingdom on 1 February 2011.

Mortgage Loans secured by a land mortgage are, however, exempted from the Consumer Credit Directive and from the first consumer credit directive.

**EU Initiatives on Mortgage Credit**

The Mortgage Credit Directive (2014/17/EU) on credit agreements for consumers relating to residential immovable property was adopted on 4 February 2014. This directive aims to create a Union-wide mortgage credit market with a high level of consumer protection. It applies to both secured credit and home loans. Member States will have to transpose its provisions into their national law by 21 March 2016.

The main provisions include consumer information requirements, principle based rules and standards for the performance of services (e.g. conduct of business obligations, competence and knowledge requirements for staff), a consumer creditworthiness assessment obligation, provisions on early repayment, provisions on foreign currency loans, provisions on tying practices, some high-level principles (e.g. those covering financial education, property valuation and arrears and foreclosures) and a passport for credit intermediaries who meet the admission requirements in their home Member State.

The UK is currently consulting on new regulations to bring the directive into force. These regulations, among other things, will bring certain formerly exempt mortgages, such as where the borrower occupies less than 40 per cent. of the dwelling, within the scope of FCA regulation. It is proposed that these changes will apply to new loan contracts entered into from 21 March 2016. It should be noted that these proposed changes are subject to consultation and the final form of the legislative changes may differ.

While it is not anticipated that the portfolio’s existing loans will be impacted by the directive’s implementation into UK law per se, at this stage it is too early to say whether it will impact any future modifications of the existing loan contracts and what effect the directive and the implementation of the directive into UK law would have on the Legal Title Holder, the Issuer and/or the Servicer and their respective businesses and operations.

**Repossessions policy**

A new protocol for mortgage re-possession cases in England and Wales came into force on 19 November 2008 (the “Pre-Action Protocol”), which sets out the steps that judges will expect any lender to take before starting a claim. In response to this, a number of mortgage lenders have confirmed that they will delay the initiation of repossession action for at least three (or, in the case of some lenders, six) months after a borrower, who is an owner-occupier, is in arrears. The application of such a moratorium is subject to the wishes of the relevant borrower and may not apply in cases of fraud. In addition, the Mortgage Repossession (Protection of Tenants etc.) Act 2010 (the “Repossession Act 2010”) came into force in England and Wales in October, 2010. The Repossession Act 2010 introduces new powers for courts hearing a mortgage repossession case where the property is occupied by unauthorised tenants, including powers to delay a repossession order and suspend a warrant of eviction on application by an unauthorised tenant.

The Pre-Action Protocol requirements for mortgage possession cases and the Repossession Act 2010 may have adverse effects in markets experiencing above average levels of possession claims. Delays in the
initiation of responsive action in respect of the Mortgage Loans may result in delayed recoveries and delayed payments on the Notes.

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 Mortgage Loans secured over a Property in England and Wales may be restricted and this may affect the Issuer’s ability to make payments on the Notes. This consultation closed on 28 March 2010 and a response is yet to be published.

Unfair Terms in Consumer Contracts Regulations 1994 and 1999

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

The UTCCR provide that a consumer (which would include a Borrower under all or almost all of the Mortgage Loans) may challenge a standard term in an agreement on the basis that it is “unfair” within the UTCCR and therefore not binding on the consumer (although the rest of the agreement will remain enforceable if it is capable of continuing in existence without the unfair term).

The UTCCR will not affect terms which define the main subject matter of the contract, such as the Borrower’s obligation to repay the principal (provided that these terms are written in plain and intelligible language and are drawn adequately to the consumer’s attention), but may affect terms that are not considered to be terms which define the main subject matter of the contract, such as the lender’s power to vary the interest rate and certain terms imposing mortgage exit administration fees. If any term of the Mortgage Loans is found to be unfair for the purpose of the UTCCR, this may adversely affect the ability of the Issuer to make payments under the Notes.

In May 2005 the previous regulator, the FSA, issued a statement of good practice on fairness of terms in consumer contracts, which is relevant to firms authorised by the FCA in relation to products and services within the FCA’s regulatory scope. This statement provides that, for locked-in Borrowers, a lender may consider drafting the contract to permit a change in the contract to be made only where any lock-in clause is not exercised. In January 2007 the previous regulator, the FSA, issued a statement of good practice on mortgage exit administration fees. This statement provides that the lender should ensure that the fee represents in fact the cost of the administration services that the lender provides when a Borrower exits the mortgage. The previous regulator, the FSA, issued a follow-up communication in November 2007 emphasising that this statement should not be interpreted narrowly and, where appropriate, firms should consider applying its principles to other charges. In August 2007, the Unfair Contract Terms Regulatory Guide (previously in the FSA handbook and now in the FCA handbook) came into force. This guide is designed to explain the FCA’s policy on how it will use its powers under the 1999 Regulations. In January 2012, the previous regulator, the FSA, published finalised guidance entitled “Unfair contract terms: improving standards in consumer contracts” and “Statement on using Switching Terms in mortgage contracts under the Unfair Terms in Consumer Contracts Regulations 1999”. Under the later guidance the FSA considered that terms in interest-only mortgage contracts that allow firms to switch consumers from an interest-only mortgage to a repayment mortgage may be regarded as unfair if they give the firm too broad a discretion to determine when such switching terms will apply. Further, where switching terms are determined
to be unfair by a court, the firms will be unable to switch the consumer from an interest-only mortgage to a repayment mortgage, as such switching terms will not bind that consumer. Even with changes in regulatory structure in the United Kingdom that came into effect on 1 April 2013, the guidance issued by the FSA previously remains strongly influential until amendments or new guidance is announced by the FCA. It remains to be seen if the FCA may adopt a more stringent approach towards such regulation than that previously adopted by the FSA and the OFT.

Whilst the FCA has powers to enforce the UTCCR, it would be for a court to determine their proper interpretation. The extremely broad and general wording of the UTCCR makes any assessment of the fairness of terms largely subjective and makes it difficult to predict whether or not a term would be held by a court to be unfair. It is therefore possible that any Mortgage Loans which have been made to Borrowers covered by the UTCCR may contain unfair terms which may result in the possible unenforceability of the terms of the underlying loans. If any term of the Mortgage Loans is found to be unfair for the purpose of the UTCCR, this may adversely affect the ability of the Issuer to make payments under the Notes.

The guidance issued by the previous regulators, the FSA and the OFT, has changed over time. In addition, new guidance may be issued by the FCA. No assurance can be given that any such changes in guidance on the UTCCR, will not have a material adverse effect on the Legal Title Holder, the Issuer and their respective businesses and operations.

In March 2013, the Law Commission and the Scottish Law Commission issued advice on unfair terms in consumer contracts to the Department for Business, Innovation and Skills of the United Kingdom which recommended several areas of legislative reform to the UTCCR including exemptions, requirements of transparency and prominence and the indicative unfair terms list.

In June 2013, the draft Consumer Rights Bill (the “Draft Bill”) was published. Part 2 of the Draft Bill deals with unfair terms and generally follows the Law Commission's 2013 proposals. The new rules merge the consumer rules under the Unfair Contract Terms Act 1977 with the UTCCR. The Draft Bill adopts the Law Commission's 2013 proposal that price and subject matter terms should only be exempt from the fairness test if they are transparent and prominent. To be transparent, a term must be in plain, intelligible language, readily available to the consumer and, if in writing, legible. To be prominent, a term must be presented in a way that the average consumer would be aware of the term. In addition, all terms of consumer contracts and consumer notices must be transparent. In light of EU case law on the underlying Council Directive 93/13/EEC (the “Unfair Terms Directive”), there is also an express duty on the courts to consider the fairness of a term, even if this is not raised by a consumer, where the court has sufficient, legal and factual material before it to do so.

The Draft Bill was presented to Parliament in January 2014 and its second reading in the House of Lords took place on 1 July 2014. It is not possible to say with certainty when the Draft Bill will become law, however the UK Department of Business Innovation and Skills has said it expects this to occur in October 2015

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 Practices Directive”). The Unfair Practices Directive was implemented into United Kingdom law through the Consumer Protection from Unfair Trading Regulations 2008 (“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 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; (ii) 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 effect (if any) of the CPUTRs on the Mortgage Loans, 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 could initiate intervention by a regulator.

The CPUTRs do not provide consumers with a private act of redress. Instead, consumers must rely on existing private law remedies based on the law of misrepresentation and duress. 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.

The Unfair Practices Directive provided for a transitional period until 12 June 2013 for the application of full harmonisation in the fields to which it applies. In March 2013, the European Commission published a report on the application of the Unfair Practices Directive, which indicated (among other things) that there is no case for further harmonisation in the fields of financial services and immovable property. No assurance can be given that the implementation of the Unfair Practices Directive into law in the UK and any further harmonisation will not have a material adverse effect on the Loans or the manner in which they are serviced and accordingly on the ability of the Issuer to make payments to Noteholders.

Distance Marketing

The Financial Services (Distance Marketing) Regulations 2004 apply to, inter alia, credit agreements entered into on or after 31 October 2004 by means of distance communication (i.e. without any substantive simultaneous physical presence of the originator and the borrower). Under these regulations, if the borrower does not receive prescribed information at the prescribed time the credit agreement or regulated mortgage contract will be cancellable. If the borrower does not receive the prescribed information, he may send notice of cancellation at any time before he receives the last of the prescribed information. Where the contract has been concluded at the consumer’s request using a means of distance communication which does not enable provision of the prescribed information before the conclusion day of the credit agreement or regulated mortgage contract, the borrower may send notice of cancellation before the end of the fourteenth day after the day on which the cancellable agreement is made or, if later, the borrower receives the last of the prescribed information. Some of the Mortgage Loans may have been originated on the basis of distance marketing and are therefore subject to the requirements and risks set out in this paragraph.

If the borrower cancels the credit agreement under these regulations, then:
(a) the borrower is liable to repay the principal and any other sums paid by the originator to the borrower under or in relation to the cancelled agreement, within 30 days beginning with the day of the borrower’s sending notice of cancellation or, if later, the originator receiving notice of cancellation;

(c) 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

(b) any security is to be treated as never having had effect for the cancelled agreement.

If a significant portion of the Mortgage Loans are characterised as being cancellable under these regulations, 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 on the Notes.

Financial Ombudsman Service

Under FSMA, the Financial Ombudsman Service (the “Ombudsman”) is required to make decisions on, among other things, complaints relating to activities and transactions under its jurisdiction on the basis of what, in the Ombudsman’s opinion, would be fair and reasonable in all circumstances of the case, taking into account, among other things, law and guidance. Transitional provisions exist by which certain complaints relating to breach of the Mortgage Code (the “CML Code”) issued by the Council of Mortgage Lenders occurring before the Mortgage Regulation Date may be dealt with by the Financial Ombudsman Service. 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 on the basis of, among other things, the principles of fairness, and may order a money award to a complaining borrower, it is not possible to predict whether any future decision of the Ombudsman may have an adverse effect on the Mortgage Loans, the Issuer, the Master Servicer and their respective businesses and operations and such decision may affect the ability of the Issuer to make payments to Noteholders.

Implementation of, and amendments to, the Basel III framework may affect the regulatory capital and liquidity treatment of the Notes

The Basel Committee on Banking Supervision (the “Basel Committee”) approved significant changes to the Basel II 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 new 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). It is intended that member countries will implement the new capital standards and the new Liquidity Coverage Ratio as soon as possible (with provision for phased implementation, meaning that the measure will not apply in full until January 2019) and the Net Stable Funding Ratio 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 a consultative document setting out 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.

Implementation of the Basel framework and any changes as described above may have an impact on the capital requirements in respect of the Notes and/or on incentives to hold the Notes 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.

In general, investors should consult their own advisers as to the regulatory capital requirements in respect of the Notes and as to the consequences for and effect on them of any changes to the Basel II 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.

**Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes**

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. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Lead Manager, the Arranger, the Legal Title Holder, the Originator, the Beneficial Title Seller, or any of the Transaction Parties makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment in the Notes on the Closing Date or at any time in the future.

Investors should be aware of the EU risk retention and due diligence requirements which currently apply, or are expected to apply in the future, in respect of various types of EU regulated investors including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings and UCITS funds. Amongst other things, such requirements restrict a relevant investor 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 its note position, the underlying assets and (in the case of certain types of investors) the relevant sponsor or originator and (ii) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the investor that it will retain, on an ongoing basis, a net economic interest of not less than 5 per cent. in respect of certain specified credit risk tranches or asset 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.

In particular, investors should be aware of Articles 404 to 410 of Regulation (EU) No. 575/2013 referred to as the Capital Requirements Regulation ("CRR") which apply, in general, to securitisations newly issued on or after 1 January 2014. Article 405 of the CRR restricts an EU regulated credit institution and consolidated group affiliates thereof from investing in a securitisation unless the originator, sponsor or original lender in respect of that securitisation has explicitly disclosed to the investor that it will retain, on an ongoing basis, a net economic interest of not less than 5 per cent. in that securitisation as contemplated by Article 405. Article 406 also requires an EU regulated credit institution to be able to demonstrate that it has undertaken certain due diligence in respect of, amongst other things, the notes it has acquired and the underlying exposures and that procedures have been established for such due diligence to be conducted on an on-going basis. Failure to comply with one or more of the requirements set out in Articles 404 to 410 may result in the imposition of a penal capital charge with respect to the investment made in the securitisation by the relevant investor.

Investors should also be aware of Section 5 of Regulation (EU) No 231/2013 (the “AIFMR”), the provisions of which section introduced risk retention and due diligence requirements (which took effect from 22 July 2013 in general) in respect of alternative investment fund managers that are required to become authorised under the EU Directive 2011/61/EC on Alternative Investment Fund Managers and which assume exposure to
the credit risk of a securitisation on behalf of one or more alternative investment funds. While the requirements under Section 5 of the AIFMR are similar to those which apply under Articles 404 to 410 (including in relation to the requirement to disclose to alternative investment fund managers that the originator, sponsor or original lender will retain, on an ongoing basis, a net economic interest of not less than 5 per cent. in respect of certain specified credit risk tranches or asset exposures), they are not identical and, in particular, additional due diligence obligations apply to relevant alternative investment fund managers.

Aspects of the risk retention and due diligence requirements described above and what is or will be required to demonstrate compliance to national regulators remain unclear. In particular, in the context of the requirements which apply in respect of EU regulated credit institution investors, investment firms and authorised alternative investment fund managers, coming legislative developments may result in changes to the corresponding interpretation materials which apply in respect of such requirements. No assurance can be provided that any such changes will not affect the compliance position of previously issued transactions and/or the requirements applying to relevant investors in general.

The risk retention and due diligence requirements described above apply, or are expected to apply, in respect of the Notes. Investors should therefore make themselves aware of such requirements (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes. Relevant investors are required to independently assess and determine (i) whether the transaction complies with any relevant requirements, and (ii) the sufficiency of the information described in this Prospectus and in any investor reports provided in relation to the transaction for the purposes of complying with any relevant requirements and none of the Issuer, the Arranger, the Lead Manager, the Originator or any Transaction Party makes any representation that the information described above is sufficient in all circumstances for such purposes or that the transaction complies with any relevant requirements.

The EU risk retention and due diligence requirements described above and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

CRA3

Prospective investors are responsible for ensuring that an investment in the Notes is compliant with all applicable investment guidelines and requirements and in particular any requirements relating to ratings. In this context, prospective investors should note the provisions of Regulation 462/2013 (EU) which amends Regulation (EC) 1060/2009 on Credit Rating Agencies (together, “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 and, of the two credit rating agencies to be appointed, to consider appointing at least one credit rating agency with no more than 10 per cent. of the total market share in the European Union and which could be evaluated by the Issuer or a related third party as capable of rating the relevant issuance. Additionally, CRA3 requires certain additional disclosure to be made in respect of structured finance transactions. The scope, extent and manner in which such disclosure should be made will be detailed in the delegated regulation to be adopted by the European Commission. As of the date of this Prospectus, draft technical standards have been prepared by ESMA, but have not yet been adopted by the European Commission. In the absence of formally adopted legislation, it is unclear what such additional disclosure requirements will encompass and whether (and if so how) they will apply to the Notes and the Issuer and, consequently, what impact they may have on the Noteholders and their investment in the Notes.
Potential effects of any additional regulatory changes

No assurance can be given that further changes will not be made to the regulatory regime and developments described above in respect of the mortgage market in the United Kingdom generally, or specifically in relation to the Legal Title Holder. Any such action or developments, in particular, but not limited to, the cost of compliance, may have a material adverse effect on the Legal Title Holder, the Issuer and/or the Master Servicer and their respective businesses and operations. This may adversely affect the Issuer’s ability to make payments on the Notes.

Tax Considerations

UK Special Regime for the Taxation of Securitisation Companies

The Taxation of Securitisation Companies Regulations (the “Regulations”) were made under section 84 of the Finance Act 2005 (now section 624 of the Corporation Tax Act 2010) on 11 December 2006 to deal with the corporation tax position of securitisation companies such as the Issuer with effect for their periods of account beginning on or after 1 January 2007. If the Regulations apply to a company, then, broadly, it will be subject to corporation tax on the cash profit retained by it for each accounting period in accordance with the transaction documents. Based on advice received, the Issuer considers that it will be taxed under the special taxation regime for which provision is made by the Regulations. Investors should note, however, that the Regulations are in short form and it is expected that advisers will rely significantly upon guidance from the United Kingdom tax authorities when advising on the scope and operation of the Regulations including whether any particular company falls within the regime provided for in the Regulations. Investors should note that if the Issuer did not fall to be taxed under this regime 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.

EU Savings Directive

Council Directive 2003/48/EC (the “Savings Directive”) requires EU Member States to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or for the benefit of) an individual resident, or certain other types of entity established, in that other EU Member State, except that Austria and Luxembourg will instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. The Luxembourg government has announced its intention to elect out of the withholding system in favour of an automatic exchange of information with effect from 1 January 2015.

The Council of the European Union has adopted a Council Directive amending the Savings Directive on 24 March 2014 (the “Amending Directive”) which will, when implemented, amend and broaden the scope of the requirements of the Savings Directive described above. The Amending Directive will expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities, and the circumstances in which payments must be reported or paid subject to withholding. For example, payments made to (or for the benefit of) (i) an entity or legal arrangement effectively managed in an EU Member State that is not subject to effective taxation, or (ii) a person, entity or legal arrangement established or effectively managed outside of the EU (and outside any third country or territory that has adopted similar measures to the Savings Directive) which indirectly benefit an individual resident in an EU Member State, may fall within the scope of the Savings Directive, as amended. The Amending Directive
requires EU Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017.

**Withholding Tax under the Notes**
In the event that withholding taxes are imposed in respect of payments due in respect of the Notes, neither the Issuer nor any Paying Agent nor any other person is obliged to gross up or otherwise compensate Noteholders for the lesser amounts received as a result of the imposition of such withholding taxes.

**U.S. Foreign Account Tax Compliance**
Whilst the Rated Notes are in global form and held within the Clearing Systems, in all but the most remote circumstances, it is not expected that the new reporting regime and potential withholding tax imposed by Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 (“FATCA”) will affect the amount of any payment received by the Clearing Systems (see the section entitled “Taxation – U.S. Foreign Account Tax Compliance”). However, FATCA may affect payments made to custodians or intermediaries (including any clearing system other than Euroclear or Clearstream, Luxembourg) in the payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. Neither a Noteholder nor a beneficial owner of Rated Notes will be entitled to any additional amounts in the event FATCA withholding tax is imposed on any payments on or with respect to the Rated Notes. As a result, Noteholders may receive less interest of principal than expected.

**Legal Considerations**

**Effect of set-off**
Where a Borrower has a valid claim against a mortgagee or heritable creditor, that Borrower will be entitled to set-off payment otherwise due to that mortgagee or heritable creditor to the extent of the Borrower's claim where the Borrower's claim arises out of the contract in respect of which the mortgagee or heritable creditor claims payment (that is, the relevant Mortgage Condition) or in respect of closely connected transactions.

A Borrower may have a right of set-off in respect of an obligation to fund a Redraw if such Redraw was not made in circumstances where the Legal Title Holder (on behalf of the Issuer) was contractually obliged to do so. If a Borrower were to attempt to set-off, the amount he or she could set-off would be limited to the damages that Borrower suffered as a result of the breach by the Legal Title Holder of such contractual obligation. The likely measure of damages would be the difference, if any, between the cost of borrowing from the Legal Title Holder and the cost of borrowing from another lender.

The foregoing risk is mitigated by mechanisms described in this Prospectus designed to provide the Issuer with funds to enable the Legal Title Holder (on behalf of the Issuer) to make Redraws in certain circumstances (see “Servicing of the Mortgage Portfolio”).
European Monetary Union

It is possible that prior to the maturity of the Notes, the United Kingdom may become a participating Member State in the European economic and monetary union and the euro may become the lawful currency of the United Kingdom. Adoption of the euro by the United Kingdom may have the following consequences: (i) all amounts payable in respect of the Notes may become payable in euro; (ii) applicable provisions of law may allow or require the Notes to be redenominated into euro and additional measures to be taken in respect of such Notes; and (iii) there may no longer be available published or displayed rates for deposits in Sterling used to determine the rates of interest on the Notes or changes in the way those rates are calculated, quoted and published or displayed.

The introduction of the euro could also be accompanied by a volatile interest rate environment which could adversely affect a Borrower’s ability to repay its Mortgage Loan as well as adversely affect investors. It cannot be said with certainty what effect, if any, adoption of the euro by the United Kingdom will have on investors in the Notes.

Change of Law

The structure of the transaction as described in this Prospectus and, among other things, the issue of the Notes and the ratings which are to be assigned to the Notes are based on English law, tax, accounting, regulatory and administrative practice in effect as at the date hereof as it affects the parties to the transaction and the Mortgage Portfolio, and having regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given as to the impact of any change to such law (including any change in regulation which may occur without a change in primary legislation) and practice or tax treatment after the date hereof nor can any assurance be given as to whether any such change would adversely affect the ability of the Issuer to make payments under the Notes.

Enforcement of Buy to Let Loans

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. These changes in the law may delay the Legal Title Holder exercise of its power of sale in relation to the Buy to Let Loans and may in turn reduce the timeliness of receipts receivable by the Issuer under the Mortgage Portfolio and may adversely impact on the ability of the Issuer to make payments under the Notes.

Liquidation Expenses

Prior to the House of Lords’ decision in the case of Re Leyland Daf in 2004, the general position was that, in a liquidation of a company, the liquidation expenses ranked ahead of unsecured debts and floating chargees’ claims. Re Leyland Daf reversed this position so that liquidation expenses could no longer be recouped out of assets subject to a floating charge.

On 6 April 2008, Section 176ZA of 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 Security Deed may be reduced by at least a significant proportion of any liquidation expenses. There can be no assurance that the holders of the Notes will not be adversely affected by such a reduction in floating charge realisations.

**Insolvency Act 2000**

The Insolvency Act 2000 (the “IA 2000”) has amended the Insolvency Act 1986 with effect from 1 January 2003 so as to allow certain “small companies”, as part of the company voluntary arrangement procedure, to seek court protection from their creditors by way of a moratorium for a period of up to 28 days, with the option for creditors to extend this protection for up to a further two months (although the Secretary of State for Trade and Industry may, by order, extend or reduce the duration of either period).

The Insolvency Act 1986 defines a “small company” by reference to whether the company meets certain tests contained in section 382(3) of the Companies Act 2006, relating to a company’s balance sheet total, turnover and average number of employees in a particular period. The position as to whether or not a company is a “small company” may change from financial period to financial period, depending on its financial position and average number of employees during that particular period. The Secretary of State for Trade and Industry may, by regulations, also modify the qualifications for eligibility of a company for a moratorium and may also modify the present definition of a “small company”. Accordingly, the Issuer may, at any given time, come within the ambit of the “small companies” provisions, such that the Issuer may (subject to the exemptions referred to below) be eligible to seek a moratorium, in advance of a company voluntary arrangement.

During the period for which a moratorium is in force in relation to a company, *inter alia*, no winding up may be commenced or administrator appointed to that company, no administrative receiver of that company may be appointed, no security created by that company over its property may be enforced (except with the leave of the court) and no other proceedings or legal process may be commenced or continued in relation to that company (except with the leave of the court). In addition, if the holder of security (the “chargee”) created by that company consents or if the court gives leave, the company may dispose of the secured property as if it were not subject to the security. Where the property in question is subject to a floating charge, the chargee will have the same priority in respect of any property of the company directly or indirectly representing the property disposed of as he would have had in respect of the property subject to the floating charge. Where the security in question is that other than a floating charge, it shall be a condition of the chargee’s consent or the leave of the court that the net proceeds of the disposal shall be applied towards discharging the sums secured by the security. Further, during the period for which a moratorium is in force in respect of a company it may not make any payments with respect to debts or liabilities existing prior to the date of filing for a moratorium unless (i) there are reasonable grounds for believing the payment will benefit the company, and (ii) the payment is approved by a committee of creditors of the company if established or, if not, by the nominee of the proposed company voluntary arrangement.

Certain companies which qualify as small companies for the purposes of these provisions may be, nonetheless, excluded from being so eligible for a moratorium under the provisions of the Insolvency Act 1986 (Amendment No. 3) Regulations 2002, which were made on 25 July 2002 and came into force on 1 January 2003. Companies excluded from eligibility for a moratorium include those which are party to a capital market arrangement, under which a debt of at least £10,000,000 is incurred and which involves the issue of a capital market investment. The definitions of “capital market arrangement” and “capital market investment” are broad and are such that, in general terms, any company which is a party to an arrangement which involves at least £10,000,000 of debt, the granting of security to a trustee, and the issue of a rated, listed or traded debt instrument, is excluded from being eligible for a moratorium. The Secretary of State may
modify the criteria by reference to which a company otherwise eligible for a moratorium is excluded from being so eligible.

Accordingly, the provisions described above will serve to limit the Trustee’s ability to enforce the Security to the extent that: firstly, if the Issuer falls within the criteria for eligibility for a moratorium at the time a moratorium is sought; secondly, if the directors of the Issuer seek a moratorium in advance of a company voluntary arrangement; and, thirdly, if the Issuer is considered not to fall within the capital market exception (as expressed or modified at the relevant time) or any other applicable exception at the relevant time; in those circumstances, the enforcement of any security by the Trustee will be for a period prohibited by the imposition of the moratorium. In addition, the other effects resulting from the imposition of a moratorium described above may impact the transaction in a manner detrimental to the Noteholders.

**The Enterprise Act 2002**

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

The Insolvency Act contains provisions which continue to allow for the appointment of an administrative receiver in relation to certain transactions in the capital markets. The relevant exception provides that the right to appoint an administrative receiver is retained for certain types of security which form part of a capital market arrangement (as defined in the Insolvency Act) and which involve indebtedness of at least £50,000,000 (or, when the relevant security document (being, in respect of the transactions described in this Prospectus, the Security Deed) was entered into, a party to the relevant transaction (such as the Issuer) was expected to incur a debt of at least £50,000,000) and the issue of a capital market investment (also defined but generally a rated, listed or traded bond). It is expected that the security which the Issuer will grant to the Trustee will fall within the capital markets exception. However, it should be noted that the Secretary of State could, by secondary legislation, modify the capital market exception and/or provide that the exception shall cease to have effect. No assurance can be given that any such modification or provision in respect of the capital market exception, or its ceasing to be applicable to the transactions described in this document, would not be detrimental to the interests of the Noteholders.

The Insolvency Act also contains a new out of court route into administration for a qualifying floating chargeholder, the directors or the relevant company itself. The relevant provisions provide for a notice period during which the holder of the floating charge can either agree to the appointment of the administrator proposed by the directors or the company or appoint an alternative administrator, although a moratorium on enforcement of the relevant security will take effect immediately after notice is given. If the qualifying floating chargeholder does not respond to the directors’ or company’s notice of intention to appoint, the directors’ or, as the case may be, the company’s appointee will automatically take office after the notice period has elapsed. Where the holder of a qualifying floating charge within the context of a capital market transaction retains the power to appoint an administrative receiver, such holder may prevent the appointment of an administrator (either by the new out of court route or by the court based procedure) by appointing an administrative receiver prior to the appointment of the administrator being completed.
During the period for which a moratorium is in force in relation to a company, *inter alia*, no winding up may be commenced (other than in a limited number of circumstances), no administrative receiver of that company may be appointed, no security created by that company over its property may be enforced (except with the leave of the court or the administrator) and no other proceedings or legal process may be commenced or continued in relation to that company (except with the leave of the court or the administrator). In addition, if the holder of security (the “chargee”) created by that company consents or if the court gives leave, the administrator may dispose of the secured property as if it were not subject to the security. Where the property in question is subject to a floating charge, the chargee will have the same priority in respect of any property of the company directly or indirectly representing the property disposed of as he would have had in respect of the property subject to the floating charge. Where the security in question is that other than a floating charge, it shall be a condition of the chargee’s consent or the leave of the court that the net proceeds of the disposal shall be applied towards discharging the sums secured by the security.

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

The Enterprise Act also removed the Crown’s preferential rights in all insolvencies (section 251) and makes provisions to ensure that unsecured parties take the benefits of this change (section 252) (although certain debts, including contributions to occupational and state pension schemes, retain preferential status and are payable in priority to debts owed to floating chargeholders). Under this latter provision the unsecured parties will have recourse to the floating charge assets up to a fixed amount (the “prescribed part”) in priority to the holder of the floating charge concerned. The prescribed part will be 50 per cent. of the first £10,000 of net floating charge assets; then 20 per cent. of the remaining net floating charge assets until the prescribed part reaches a maximum of £600,000. The obligation on the insolvency officeholder to set aside the prescribed part for unsecured parties does not apply if the net floating charge realisations are less than £10,000 and the officeholder is of the view that the costs of making a distribution to unsecured parties would be disproportionate to the benefits. The prescribed part will apply to all floating charges created on or after 15 September 2003 regardless as to whether they fall within one of the exceptions or not.

**Fixed Charges May Take Effect under English Law as Floating Charges**

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

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

The Issuer believes that the risks described above in this section titled “Risk Factors” are the principal risks for the Noteholders inherent in the transaction, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons. The Issuer does not represent that the above stated risk factors are exhaustive. The Issuer believes that the structural elements described elsewhere in this Prospectus go to mitigate a number of these risks for the Noteholders, nevertheless the
Issuer cannot give any assurance that those will be sufficient to ensure timely payment of interest, principal or any other amounts on or in connection with the Notes to Noteholders.
MORTGAGE PORTFOLIO AND SERVICING

See the sections entitled “The Mortgage Portfolio and the Mortgage Loans”, “Characteristics of the Provisional Mortgage Portfolio”, “Assignment of the Mortgage Loans and Related Security” and “Servicing of the Mortgage Portfolio” for further detail in respect of the characteristics of the Mortgage Portfolio and the sale and the servicing arrangements in respect of the Mortgage Portfolio.

Sale of Portfolio
The Mortgage Portfolio will consist of the Mortgage Loans, the Related Security, and all monies derived therefrom from time to time after the Cut-Off Date, which will be sold to the Beneficial Title Seller on 24 September 2014 and which the Beneficial Title Seller will on-sell to the Issuer on the Closing Date.

The Mortgage Portfolio comprises Mortgage Loans secured over properties in England and Wales.

Each Mortgage Loan and its Related Security is governed by English law.

The Mortgage Portfolio comprises Buy to Let Loans originated by the Originator.

See the sections entitled “The Mortgage Portfolio and the Mortgage Loans” and “Assignment of the Mortgage Loans and Related Security”.

Features of Mortgage Loans
Certain features of the loans in the Provisional Mortgage Portfolio as at the Provisional 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 Provisional Mortgage Portfolio set out in “Characteristics of the Provisional Mortgage Portfolio”.

<table>
<thead>
<tr>
<th>Feature</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of mortgage</td>
<td>repayment, interest only, part repayment and part interest only</td>
</tr>
<tr>
<td>Buy to let Loans</td>
<td>Yes – 100%</td>
</tr>
<tr>
<td>Corporate Borrowers</td>
<td>Yes – approximately 23.20%</td>
</tr>
<tr>
<td>Number of Mortgage Loans</td>
<td>819 (subject to removals due to repossession or redemption)</td>
</tr>
<tr>
<td>Current Balance</td>
<td>£189,450,589</td>
</tr>
<tr>
<td>Average / Weighted average</td>
<td></td>
</tr>
<tr>
<td>Weighted Average Current Balance / Original Valuation</td>
<td>74.50%</td>
</tr>
<tr>
<td>Weighted Average Current Balance / Indexed Valuation</td>
<td>70.46%</td>
</tr>
<tr>
<td>Seasoning</td>
<td>6.9 years</td>
</tr>
<tr>
<td>Remaining Term</td>
<td>13.4 years</td>
</tr>
</tbody>
</table>

Flexible Mortgage Loans
If the Master Servicer or the Sub-Servicer (as applicable) receives a Redraw request from a Borrower, the Master Servicer or the Sub-Servicer (as applicable) shall provide to the Issuer and the Cash Manager (with a copy to the Legal Title Holder) a written notice notifying them of the Redraw request and setting out the amount of the proposed Redraw. Within 5 Business Days
of receiving such notice, the Cash Manager, on behalf of the Issuer shall pay such amount to the Master Servicer or the Sub-Servicer (as applicable) by using principal collections standing to the credit of the Transaction Account at such time.

| Consideration | The consideration payable by the Issuer to the Beneficial Title Seller in respect of the sale of the Mortgage Loans and Related Security shall be £172,976,412.17 in cash consideration, plus the Deferred Consideration. |
| Representations and Warranties | The Beneficial Title Seller will make certain Asset Warranties regarding the Mortgage Loans and Related Security to the Issuer on the Closing Date. See the section entitled “Assignment of the Mortgage Loans and Related Security” for further details. |
| Repurchase of the Mortgage Loans and Related Security | The Issuer shall sell and the Beneficial Title Seller shall repurchase the relevant Mortgage Loans and their Related Security following a breach of an Asset Warranty (which is either not capable of remedy or, if capable of remedy, the Beneficial Title Seller fails to remedy within the applicable grace period following such breach of an Asset Warranty). |
| Consideration for repurchase | Where the Beneficial Title Seller is required to repurchase any Mortgage Loan, the consideration payable by the Beneficial Title Seller in respect thereof shall be equal to the Principal Outstanding Balance of such Mortgage Loan as at the close of business on the date immediately preceding the date of repurchase plus accrued but unpaid interest in relation to such Mortgage Loan plus an amount equal to the Issuer’s reasonable and proper third party costs and expenses incurred or payable in connection with such repurchase. |
| Purchase of Mortgage Portfolio by Portfolio Option Holder | The Portfolio Option Holder may exercise the Portfolio Option by notice to the Issuer with a copy to the Trustee at any time in the period from the Business Day falling 15 Business Days prior to an Optional Redemption Date until such Optional Redemption Date (the “Optional Portfolio Purchase”). Completion of the purchase by the Portfolio Option Holder will occur on the Business Day falling five Business Days prior to the next Interest Payment Date to occur after the exercise date, provided that, if the Portfolio Option is exercised later than 10 Business Days prior to the next Interest Payment Date, the completion date shall occur on the Business Day falling five Business Days prior to the second Interest Payment Date to occur after the date of exercise (the “Optional Portfolio Purchase Completion Date”). |
| Consideration for purchase by Portfolio Option Holder | The purchase price payable by the Portfolio Option Holder in respect of the Optional Portfolio Purchase shall be the higher of (i) the aggregate market value of the Mortgage Portfolio as at the Optional Portfolio Purchase Completion Date, and (ii) an amount equal to the aggregate Principal Amount Outstanding of the Notes as at the Optional Portfolio Purchase Completion Date plus accrued but unpaid interest thereon up to and including the Optional Portfolio Purchase Completion Date, together with any payments due from the Issuer in respect of items ranking in priority to or pari passu with the Notes (including interest and principal due and payable in respect of the Notes) pursuant to the applicable Payments Priorities on the Interest Payment Date immediately following the Optional Portfolio Purchase Completion Date less the credit balance of the General Reserve Fund. |
Under the Initial Mortgage Sale Agreement, the Originator will transfer the legal title held by it to each Mortgage Loan and its Related Security to the Replacement Legal Title Holder upon the earlier to occur of (i) certain specified initial legal title transfer events, which will include the receipt of the Replacement Legal Title Holder of FCA permission to carry on Regulated Mortgage Activities, the termination of the appointment of the Sub-Servicer or the insolvency of the Originator; and (ii) the date falling 18 months from the Closing Date.

Prior to the Initial Legal Title Transfer Date, and provided no Perfection Event has occurred, the Originator (in its capacity as initial Legal Title Holder) shall hold legal title to the Mortgage Loans and their Related Security on bare trust for the Issuer.

Following the Initial Legal Title Transfer Date, and provided no Perfection Event has occurred, the Replacement Legal Title Holder shall hold legal title to the Mortgage Loans and their Related Security on bare trust for the Issuer.

See the section entitled “Assignment of the Mortgage Loans and Related Security” for further details.

Transfer of the legal title to the relevant Mortgage Loans and Related Security will be perfected if certain specified perfection events occur (regardless of whether such events occur prior to or after the Initial Legal Title Transfer Date). Such perfection events will include insolvency of the relevant Legal Title Holder, an Enforcement Notice being issued or the Security or any material part thereof (in the opinion of the Trustee) being in jeopardy.

Prior to the completion of the transfer of legal title to the relevant Mortgage Loans and Related Security to the Issuer (or a nominee of the Issuer), the Issuer will hold only the equitable title to those Mortgage Loans and the Related Security and will therefore be subject to certain risks as set out in the risk factors entitled “Title of the Issuer” in the Risk Factors section.

See the section entitled “Assignment of the Mortgage Loans and Related Security” for further details.

The Master Servicer will be appointed by the Issuer to service the Mortgage Portfolio on a day-to-day basis.

The appointment of the Master Servicer may be terminated by the Issuer or by the Trustee, upon the occurrence of certain events, as more particularly described in the section entitled “Servicing of the Mortgage Portfolio”.

The appointment of the Back-Up Servicer as replacement servicer will take effect upon any termination of the appointment of the Master Servicer as described above.

In the absence of a Master Servicer Termination Event, Noteholders have no right to instruct the Trustee to terminate the appointment of the Master Servicer. Once a Master Servicer Termination Event has occurred, Noteholders may, by Extraordinary Resolution, instruct the Trustee to terminate the appointment of the Master Servicer.

See the section entitled “Servicing of the Mortgage Portfolio” for further details.
Delegation by Master Servicer: The Master Servicer will delegate certain of its servicing responsibilities and obligations under the Master Servicing Agreement (the “Delegated Services”) to the Sub-Servicer. However, the Master Servicer shall remain liable to the Issuer at all times for servicing the Mortgage Loans and for the acts or omissions of any delegate or subcontractor (including the Sub-Servicer).

See the section entitled “Servicing of the Mortgage Portfolio” for further details.

Back-Up Servicer: Pursuant to the Back-Up Servicing Agreement, the Back-Up Servicer will agree to provide back-up services in respect of the Mortgage Portfolio. Upon the occurrence of a Master Servicer Termination Event, the Issuer or (after the delivery of an Enforcement Notice or if directed by an Extraordinary Resolution of the Most Senior Class of Noteholders outstanding) the Trustee may serve a termination notice on the Master Servicer. Pursuant to the Master Servicing Agreement, the Issuer or the Trustee (as applicable) may also serve notice on the Back-up Servicer requiring the Back-up Servicer to provide certain services on and from the termination date of the Master Servicing Agreement. The Back-up Servicer, the Issuer and the Trustee shall enter into a replacement servicing agreement (on agreed terms) such that the Back-up Servicer provides the relevant services on and from the date of termination of the Master Servicing Agreement.

See the section entitled “Servicing of the Mortgage Portfolio” for further details.
DESCRIPTION OF THE TERMS AND CONDITIONS OF THE NOTES

See the sections entitled “Terms and Conditions of the Notes” and “Early Redemption of Notes” for further detail in respect of the terms of the Notes.
### FULL CAPITAL STRUCTURE OF THE NOTES

<table>
<thead>
<tr>
<th>Class A Notes</th>
<th>Class B Notes</th>
<th>Class C Notes</th>
<th>Class D Notes</th>
<th>Class Z Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency: GBP</td>
<td>GBP</td>
<td>GBP</td>
<td>GBP</td>
<td>GBP</td>
</tr>
<tr>
<td>Initial Principal Amount Outstanding:</td>
<td>£124,200,000</td>
<td>£10,700,000</td>
<td>£12,100,000</td>
<td>£7,900,000</td>
</tr>
<tr>
<td>Note Credit Enhancement:</td>
<td>Excess spread</td>
<td>Excess spread</td>
<td>Excess spread</td>
<td>Excess spread</td>
</tr>
<tr>
<td>Reserve Credit Enhancement</td>
<td>Credit Ledger</td>
<td>Credit Ledger</td>
<td>Credit Ledger</td>
<td>Credit Ledger</td>
</tr>
<tr>
<td>Liquidity Support:</td>
<td>Liquidity Ledger, Credit Ledger, Principal Reallocation Amount and excess spread</td>
<td>Liquidity Ledger, (if the Class B Notes are the Most Senior Class of Notes, or if the Class B Notes are not the Most Senior Class of Notes but the debit balance of the Class B Principal Deficiency Sub-Ledger is less than or equal to 50 per cent. of the Principal Amount Outstanding of the Class B Notes) Credit Ledger and Principal Reallocation Amount, and excess spread</td>
<td>(Following redemption of the Class A Notes and the Class B Notes) Liquidity Ledger, (if the Class C Notes are the Most Senior Class of Notes, or if the Class C Notes are not the Most Senior Class of Notes but the debit balance of the Class C Principal Deficiency Sub-Ledger is less than or equal to 50 per cent. of the Principal Amount Outstanding of the Class C Notes) Credit Ledger and Principal Reallocation Amount, and excess spread</td>
<td>(Following redemption of the Class A Notes and the Class B Notes) Liquidity Ledger, (if the Class D Notes are the Most Senior Class of Notes, or if the Class D Notes are not the Most Senior Class of Notes but the debit balance of the Class D Principal Deficiency Sub-Ledger is less than or equal to 50 per cent. of the Principal Amount Outstanding of the Class D Notes) Credit Ledger and Principal Reallocation Amount, and excess spread</td>
</tr>
<tr>
<td>Issue Price:</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Interest Reference Rate:</td>
<td>3 month Sterling LIBOR</td>
<td>3 month Sterling LIBOR</td>
<td>3 month Sterling LIBOR</td>
<td>3 month Sterling LIBOR</td>
</tr>
<tr>
<td>Margin:</td>
<td>0.90% p.a</td>
<td>1.30% p.a</td>
<td>1.60% p.a</td>
<td>1.90% p.a</td>
</tr>
<tr>
<td>Step-Up Margin:</td>
<td>1.35% p.a</td>
<td>2.10% p.a</td>
<td>2.40% p.a</td>
<td>2.85% p.a</td>
</tr>
<tr>
<td>Interest Accrual Method:</td>
<td>ACT/365 (fixed)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Determination Date:</td>
<td></td>
<td></td>
<td></td>
<td>Interest Payment Date</td>
</tr>
<tr>
<td></td>
<td>Class A Notes</td>
<td>Class B Notes</td>
<td>Class C Notes</td>
<td>Class D Notes</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>---------------------</td>
<td>---------------------</td>
<td>---------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>Interest Payment Dates:</td>
<td>Interest is payable quarterly in arrear on the 24th day of January, April, July and October</td>
<td>Modified Following</td>
<td>The Interest Payment Date falling in January 2015</td>
<td></td>
</tr>
<tr>
<td>Business Day Convention:</td>
<td></td>
<td></td>
<td></td>
<td>The Interest Payment Date falling in October 2017 and each subsequent Interest Payment Date</td>
</tr>
<tr>
<td>First Interest Payment Date:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First Interest Period:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Optional Redemption Date:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pre-Enforcement Redemption Profile:</td>
<td>Pass through amortisation on each Interest Payment Date to the extent of Available Principal Funds subject to and in accordance with the relevant Payments Priorities.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Portfolio Call:</td>
<td>If the Optional Portfolio Purchase is exercised later than 10 Business Days prior to the next Interest Payment Date to occur after the exercise date in respect of the Portfolio Option the Notes will be redeemed on the Interest Payment Date immediately following that Interest Payment Date.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Early Redemption in Full Events:</td>
<td>Tax/clean-up call/Issuer voluntary call on each Interest Payment Date after the 3rd anniversary</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Post-Enforcement Redemption Profile:</td>
<td>Sequential pass-through amortisation in accordance with the Post-Enforcement Payments Priorities.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Final Maturity Date:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Form of the Notes:</td>
<td>Bearer</td>
<td>Bearer</td>
<td>Bearer</td>
<td>Bearer</td>
</tr>
<tr>
<td>ISIN:</td>
<td>XS1111217458</td>
<td>XS1111218001</td>
<td>XS1111218266</td>
<td>XS1111218852</td>
</tr>
<tr>
<td>Common Code:</td>
<td>111121745</td>
<td>111121800</td>
<td>111121826</td>
<td>111121885</td>
</tr>
<tr>
<td>Clearance/Settlement:</td>
<td>Euroclear / Clearstream, Luxembourg</td>
<td>Euroclear / Clearstream, Luxembourg</td>
<td>Euroclear / Clearstream, Luxembourg</td>
<td>Euroclear / Clearstream, Luxembourg</td>
</tr>
<tr>
<td>Minimum Denomination:</td>
<td>£100,000 and £1,000 increments</td>
<td>£100,000 and £1,000 increments</td>
<td>£100,000 and £1,000 increments</td>
<td>£100,000 and £1,000 increments</td>
</tr>
<tr>
<td>Rating of Notes on Issue (S&amp;P/Fitch):</td>
<td>AAA(sf)/AAAsf</td>
<td>AA(sf)/AA+sf</td>
<td>AA-(sf)/A+sf</td>
<td>A-(sf)/BBB+sf</td>
</tr>
</tbody>
</table>
Ranking
The Notes within each individual class will rank *pro rata* and *pari passu* and rateably without any preference or priority among themselves as to payments of interest and principal at all times.

The “Most Senior Class” shall be:
(a) the Class A Notes whilst they remain outstanding;
(b) thereafter the Class B Notes whilst they remain outstanding;
(c) thereafter the Class C Notes whilst they remain outstanding;
(d) thereafter the Class D Notes whilst they remain outstanding; and
(e) thereafter the Class Z Note whilst they remain outstanding.

Any reference to a “class” of Noteholders shall be a reference to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and/or the Class Z Note, as the case may be, or to the respective holders thereof.

Form of Notes
The Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes will be issued in global bearer form. The Class Z Note will be issued in definitive registered form.

Pre-Enforcement Ranking of Payments of Interest:
Payments of interest due on the Notes will be made in Sequential Order in the following order of priority:
(a) first, in respect of the Class A Notes;
(b) second, in respect of the Class B Notes;
(c) third, in respect of the Class C Notes;
(d) fourth, in respect of the Class D Notes; and
(e) fifth, in respect of the Class Z Note,
in each case in accordance with the Pre-Enforcement Revenue Payments Priorities.

Pre-Enforcement Ranking of Payments of Principal:
Payments of principal due on the Notes will be made in Sequential Order in the following order of priority:
(a) first, in respect of the Class A Notes;
(b) second, in respect of the Class B Notes;
(c) third, in respect of the Class C Notes;
(d) fourth, in respect of the Class D Notes; and
(e) fifth, in respect of the Class Z Note,
in each case in accordance with the Pre-Enforcement Principal Payments Priorities.

Sequential Order:
In respect of payments of interest and principal to be made to the Class A Notes, Class B Notes, the Class C Notes, the Class D and Class Z Note: first, to the Class A Notes, second, to the Class B Notes, third, to the Class C Notes, fourth, to the Class D Notes and last, to the Class Z Note.

Pre-Enforcement Ranking of the Notes:
Payments of interest on the Notes will at all times rank in priority to any payments of Deferred Consideration.

Security
The Notes are secured and will share the Security with the other Secured Amounts of the Issuer as set out in the Security Deed. The security granted by the Issuer includes:
(a) an assignment over the benefit of the Issuer in each Mortgage Loan, Mortgage and other Related Security relating to such Mortgage Loan, each Mortgage Conditions and all Receivables;

(b) an assignment of rights held by the Issuer against certain third parties;

(c) a first fixed charge of the benefit of any bank or other accounts in which the Issuer may at any time have or acquire any benefit;

(d) an assignment of the benefit of the Issuer under each relevant Transaction Document (other than the Trust Documents); and

(e) a first floating charge over all the assets and undertaking of the Issuer to the extent not effectively charged pursuant to paragraphs (a) to (d) above.

Some of the other Secured Amounts rank senior to the Issuer’s obligations under the Notes in respect of the allocation of proceeds as set out in the Post-Enforcement Payments Priorities.

See also the following risk factor under “Risk Factors – Fixed charges may take effect under English law as floating charges”.

**Interest Provisions**

See “Full Capital Structure of the Notes” and “Terms and Conditions of the Notes”.

**Interest Deferral**

Interest due and payable on any class of Notes (other than the Class A Notes) may be deferred in accordance with Condition 7.10 (Interest Accrual).

**Gross-up**

None of the Issuer, the Trustee or any Agent will be obliged to gross-up if there is any withholding or deduction in respect of the Notes on account of taxes.

**Redemption**

The Notes are subject to the following mandatory redemption events:

- mandatory redemption in whole on the Final Maturity Date, as fully set out in Condition 8 (Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation);

- mandatory redemption in whole after the occurrence of an Optional Portfolio Purchase, as fully set out in Condition 8 (Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation);

- mandatory redemption in part on any Interest Payment Date as fully set out in Condition 8 (Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation); and

- optional redemption exercisable by the Issuer in whole on any Interest Payment Date where the Principal Amount Outstanding of all the Notes is equal to or less than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes as at the Closing Date, as fully set out in Condition 8 (Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation);

- optional redemption exercisable by the Issuer in whole on any Interest Payment Date after the third anniversary of the Closing Date of the transaction, as fully set out in Condition 8 (Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation);

- optional redemption exercisable by the Issuer in whole for tax reasons, as fully set out in Condition 8 (Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation).
part, Optional Redemption and Cancellation).

Any Note redeemed pursuant to the above redemption provisions will be redeemed at an amount equal to the Principal Amount Outstanding (or the relevant proportion thereof, if in part) of the relevant Note, together with accrued (and unpaid) interest on the Principal Amount Outstanding (or the relevant proportion thereof, if in part) of the relevant Notes to be redeemed, in each case up to (but excluding) the date of redemption.

**Events of Default**

As fully set out in Condition 12 (Events of Default), which includes (and where relevant will be subject to the applicable grace period):

- non-payment of interest and/or principal in respect of the Most Senior Class of Notes (provided that, for the avoidance of doubt, a deferral of interest in respect of a class of Notes other than the Class A Notes in accordance with Condition 7.10 (Interest Accrual) shall not constitute a default in the payment of such interest);
- breach of contractual obligations by the Issuer under the Transaction Documents or of the Notes; and
- Insolvency Events.

**Enforcement**

If an Event of Default has occurred and is continuing, the Trustee may, and for so long as any Notes remain outstanding shall, if so requested: (a) in writing by the holders of at least 25 per cent. of the Principal Amount Outstanding of the Most Senior Class of Notes then outstanding; or (b) by an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes then outstanding, deliver an Enforcement Notice to the Issuer and institute such proceedings or take such action or step as may be required in order to enforce the Security in accordance with the Trust Documents. The Trustee shall not be obliged to deliver an Enforcement Notice, unless it shall have been fully indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

**Limited Recourse**

The Notes are limited recourse obligations of the Issuer and, if not repaid in full, amounts outstanding are subject to a final write-off, which is described in more detail in Condition 9 (Limited Recourse).

**Non-petition**

The Noteholders shall not be entitled to take any steps (otherwise than in accordance with the Trust Deed and the Conditions):

- to direct the Trustee to enforce the Security or take any proceedings against the Issuer to enforce the Security other than when expressly permitted to do so under the Conditions; or
- to take or join any person in any steps against the Issuer to obtain payment of any amount due from the Issuer to it; or
- until the date falling two years after the Final Discharge Date, to initiate or join in initiating any proceeding in relation to an Insolvency Event in relation to the Issuer; or
- to take or join in taking of any steps or proceedings which would result in any of the Payments Priorities not being observed.
| Governing Law | English law. |
RIGHTS OF NOTEHOLDERS AND RELATIONSHIP WITH OTHER SECURED CREDITORS

See the section entitled “Terms and Conditions of the Notes” for further detail in respect of the rights of Noteholders, conditions for exercising such rights and relationship with other Secured Creditors.

Prior to an Event of Default

Noteholders holding no less than 10 per cent. of the Principal Amount Outstanding of the outstanding Notes of the relevant class are entitled to request the Trustee (subject to it being indemnified and/or secured and/or prefunded to its satisfaction) to convene a Noteholders’ Meeting with respect to that class and all Noteholders of each class are entitled to participate in a Noteholders’ Meeting with respect to that class convened by the Issuer or Trustee to consider any matter affecting their interests.

However, investors should note that the Noteholders will not be entitled to instruct or direct the Issuer to take any actions, either directly or through the Trustee, where the Issuer has no right, obligation or ability to take such action under the Transaction Documents.

Following an Event of Default

Following the occurrence of an Event of Default which is continuing, the holders of the Most Senior Class of Notes may, if they hold not less than 25 per cent. of the Principal Amount Outstanding of the Most Senior Class of Notes then outstanding or if they pass an Extraordinary Resolution, direct the Trustee (provided it has been indemnified and/or secured and/or prefunded to its satisfaction) to deliver an Enforcement Notice to the Issuer stating that all classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding.

Noteholders Meeting provisions

<table>
<thead>
<tr>
<th>Initial meeting</th>
<th>Adjourned meeting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notice period:</td>
<td>21 clear days</td>
</tr>
<tr>
<td>One or more persons holding or representing a majority of the Principal Amount Outstanding of the relevant class or classes of Notes then outstanding (other than a Reserved Matter (which must be proposed separately to each class of Noteholders), which requires one or more persons holding or representing not less than 75 per cent. of the Principal Amount Outstanding of the relevant class or classes)</td>
<td>14 clear days</td>
</tr>
<tr>
<td>One or more persons, whatever the Principal Amount Outstanding of the Notes then outstanding held or represented by them (other than a Reserved Matter (which must be proposed separately to each class of Noteholders), which requires one or more persons holding or representing not less than 25 per cent. of the Principal Amount Outstanding of the relevant class or classes)</td>
<td></td>
</tr>
</tbody>
</table>
Extraordinary Resolution passed at a Meeting:

Electronic Consent: 75 per cent. of the Principal Amount Outstanding of the relevant class of Notes then outstanding. Electronic Consent has the same effect as an Extraordinary Resolution.

Written Resolution: 75 per cent. of the Principal Amount Outstanding of the relevant class of Notes then outstanding. A Written Resolution has the same effect as an Extraordinary Resolution.

Matters requiring Extraordinary Resolution

The following matters (including but not limited to):

- Reserved Matter;
- modification of the Conditions;
- substitution of the Issuer;
- subject to Condition 16 (Modification and Waiver), waiving a breach of covenant by the Issuer;
- after a Master Servicer Termination Event, unless a substitute servicer or the Back-Up Servicer is appointed in accordance with the terms of the Master Servicing Agreement, the identity of a replacement Master Servicer;
- after the service of an Enforcement Notice, the termination of the Master Servicer and/or the Sub-Servicer’s appointment;
- (absent an instruction in writing given by holders of not less than 25 per cent. of the Principal Amount Outstanding of the Most Senior Class of Notes then outstanding) giving of a direction to the Trustee to deliver an Enforcement Notice;
- removal of the Trustee and approval of the successor trustee;
- approval of the terms of a merger, reorganisation or amalgamation of the Issuer; and
- (absent an instruction in writing given by holders of not less than 25 per cent. of the Principal Amount Outstanding of the Most Senior Class of Notes then outstanding) giving of a direction to the Trustee to refrain from exercising any powers conferred upon it by Condition 16.2 (Waiver).

Relationship between classes of Noteholders

Subject to the provisions in respect of a Reserved Matter, a resolution of Noteholders of the Most Senior Class of Notes then outstanding shall be binding on all other classes and would override any resolutions to the contrary of the classes ranking behind such Most Senior Class of Notes.

A Reserved Matter requires an Extraordinary Resolution of each class of Notes then outstanding.

Relationship between

So long as any Notes are outstanding and there is a conflict between the
<table>
<thead>
<tr>
<th>Section</th>
<th>Text</th>
</tr>
</thead>
<tbody>
<tr>
<td>Noteholders and other Secured Creditors</td>
<td>interests of the Noteholders and the other Secured Creditors, the Trustee will take into account the interests of the Noteholders only in the exercise of its discretion and the Secured Creditors shall have no claim against the Trustee for doing so.</td>
</tr>
<tr>
<td>Issuer or Beneficial Title Seller as Noteholder</td>
<td>For the purpose of, <em>inter alia</em>, the right to attend and vote at any Meeting of Noteholders, the right to resolve by Extraordinary Resolution in writing or by Electronic Consent and certain rights to direct, the relevant Notes must be “outstanding”. Those Notes (if any) which are for the time being held by or on behalf of or for the benefit of the Issuer, the Beneficial Title Seller, any holding company of any of them or any other subsidiary of either such holding company, in each case as beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding, except, in the case of the Beneficial Title Seller, any holding company of the Beneficial Title Seller or any other subsidiary of such holding company (the “Relevant Persons”) where all of the Notes of any class are held by or on behalf of or for the benefit of one or more Relevant Persons, in which case such class of Notes (the “Relevant Class of Notes”) shall be deemed to remain outstanding except that, if there is any other class of Notes ranking <em>pari passu</em> with, or junior to, the Relevant Class of Notes and one or more Relevant Persons are not the beneficial owners of all the Notes of such class, then the Relevant Class of Notes shall be deemed not to remain outstanding.</td>
</tr>
<tr>
<td>Provision of Information to the Noteholders</td>
<td>The Cash Manager will provide an investor report on a quarterly basis containing information in relation to the Notes including, but not limited to, amounts paid by the Issuer pursuant to the Payments Priorities in respect of the relevant period and required counterparty information. The quarterly investor report will be published on <a href="https://tss.sfs.db.com/investpublic">https://tss.sfs.db.com/investpublic</a>. For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus.</td>
</tr>
</tbody>
</table>
| Communication with Noteholders | Any notice to be given by the Issuer or the Trustee to Noteholders shall be given in the following manner:  
• so long as the Rated Notes are held in the Clearing Systems, by delivery to the relevant Clearing System for communication by it to Noteholders;  
• so long as the Rated Notes are listed on a recognised stock exchange, by delivery to them in accordance with the notice requirements of such stock exchange; or  
• in respect of all Notes, by publication on the Relevant Screen.  
The Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or to a category of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the Rated Notes are then listed and provided that notice of such other method is given to the Noteholders in such manner as the Trustee shall require.  
Notices to the Class Z Noteholder will be sent by the Issuer to the fax number or email address of the Class Z Noteholder notified to the Issuer from time to time in writing. |
CREDIT STRUCTURE AND CASHFLOW

See the sections entitled “Cashflows” and “Credit Enhancement and Liquidity Support” for further detail in respect of the credit structure and cash flow of the transaction.

Available Funds of the Issuer:

The Issuer will use Available Revenue Funds and Available Principal Funds for the purposes of making interest and principal payments under the Notes and the other Transaction Documents.

“Available Revenue Funds” will, broadly, include the following:

- Revenue Receipts received during the immediately preceding Calculation Period;
- interest paid to the Issuer on the Transaction Account during the immediately preceding Calculation Period;
- (prior to the occurrence of an Optional Portfolio Purchase) amounts standing to the credit of the Credit Ledger drawn from the General Reserve Fund (as required to meet any Revenue Shortfall);
- (prior to the occurrence of an Optional Portfolio Purchase) amounts standing to the credit of the Liquidity Ledger drawn from the General Reserve Fund (as required to meet any Revenue Shortfall);
- (upon the redemption in full of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes (together, the “Rated Notes”) prior to the occurrence of an Optional Portfolio Purchase) all amounts standing to the credit of the General Reserve Fund;
- (prior to the occurrence of an Optional Portfolio Purchase) any Principal Reallocation Amounts (as required to meet any Revenue Shortfall); and
- (upon the redemption in full of the Rated Notes) any amount transferred from
the Principal Ledger in respect of Residual Principal Allocation Amount, less relevant amounts debited during the Calculation Period, which include the following:

- any Borrower Repayment Amount of a revenue nature;
- any tax payment;
- any Third Party Expenses;
- amounts to remedy any overdraft in relation to the Collection Accounts or to pay any amounts due to the Collection Account Bank;

“Available Principal Funds”, broadly, includes all Principal Receipts received by the Issuer during the immediately preceding Calculation Period (including consideration paid by the Beneficial Title Seller in respect of the re-purchase of the Mortgage Loans and their Related Security which relates to principal amounts due and receipt of realisation proceeds of the relevant Related Security), amounts transferred from the Revenue Ledger comprising Revenue Reallocation Amounts, proceeds of the issue of the Notes (to the extent any such amounts stand to the credit of the Transaction Account as at the relevant Calculation Date) and (following an Optional Portfolio Purchase) amounts withdrawn from the General Reserve Fund less (i) any Borrower Repayment Amount of a principal nature debited during the related Calculation Period.

**Payments Priorities**

Prior to the service of an Enforcement Notice by the Trustee, Available Revenue Funds shall be applied in the order of priority set out in the Pre-Enforcement Revenue Payments Priorities and Available Principal Funds shall be applied in the order of priority set out in the Pre-Enforcement Principal Payments Priorities. After an Enforcement Notice is delivered by the Trustee, Trust Proceeds shall (after deduction of all costs and expenses incurred by the Trustee in obtaining receipt or recovery of the Trust Proceeds) be held by the Trustee upon trust to be applied in the order of priority set out in the Post-Enforcement Payments Priorities.

Please see full details of the payments priorities set out in the section entitled “Cashflows”.

**General Credit Structure**

The general credit structure of the transaction includes the following elements:

(a) **Credit Support**:

- *General Reserve Fund*: the General Reserve Fund, initially funded in an amount equal to £5,189,292.37 (being approximately 3 per cent. of the aggregate Current Balance of the Mortgage Portfolio as at the Cut-Off Date) initially funded from the proceeds of issue of the Class Z Note, and thereafter to be maintained at the General Reserve Fund Target Amount from Available Revenue Funds.

The Credit Ledger Required Amount may be applied to reduce the debit balance on the Class A Principal Deficiency Sub-Ledger, the Class B Principal Deficiency Sub-Ledger, the Class C Principal Deficiency Sub-Ledger and the Class D Principal Deficiency Sub-Ledger.

- *Revenue Reallocation Amounts*: Available Revenue Funds may be applied as Available Principal Funds to the extent of, among other
things, any Principal Losses on the Mortgage Loans.

- **Redemption of Notes:** following the redemption of the Rated Notes, the Residual Principal Allocation Amount will be applied to the Pre-Enforcement Revenue Payments Priorities.

See the section entitled “Credit Enhancement and Liquidity Support”.

(b) **Liquidity Support:**

**General Reserve Fund**: the General Reserve Fund will initially be funded in an amount equal to £5,189,292.37 (being approximately 3 per cent. of the aggregate Current Balance of the Mortgage Portfolio as at the Cut-Off Date) from the proceeds of issue of the Class Z Note. Thereafter, the General Reserve Fund will be funded to the level of the General Reserve Fund Target Amount using Available Revenue Funds. The General Reserve Fund is represented by the credit balance of the Liquidity Ledger and Credit Ledger.

Amounts standing to the credit of the Liquidity Ledger will be applied to reduce or eliminate any Revenue Shortfall by paying (i) amounts referred to in items (a), (b), (c) and (d) of the Pre-Enforcement Revenue Payments Priorities, and (ii) Interest Amounts in respect of the Class A Notes and the Class B Notes or, following redemption in full of the Class A Notes and the Class B Notes, the Class C Notes and the Class D Notes.

Amounts standing to the credit of the Credit Ledger will be applied to reduce or eliminate (i) any shortfall in Available Revenue Funds (after the application of any Liquidity Reserve Drawings) to pay items (a), (b), (c) and (d) of the Pre-Enforcement Revenue Payments Priorities, (ii) any debit balance of the Class A Principal Deficiency Sub-Ledger, the Class B Principal Deficiency Sub-Ledger, the Class C Principal Deficiency Sub-Ledger and the Class D Principal Deficiency Sub-Ledger, (iii) any shortfall in Available Revenue Funds (after the application of any Liquidity Reserve Drawings) to pay any Interest Amount due and payable in respect of the Most Senior Class of Rated Notes, and (iv) any shortfall in Available Revenue Funds (after the application of any Liquidity Reserve Drawings) to pay any Interest Amount due and payable in respect of Rated Notes other than the Most Senior Class of Rated Notes if the debit balance on the associated Principal Deficiency Sub-Ledger is less than 50 per cent. of the Principal Amount Outstanding for that class of Rated Notes.

To the extent that any Revenue Shortfall occurs, such shortfall shall be reduced or eliminated using amounts standing to the credit of:

(i) first, the Liquidity Ledger;

(ii) second, the Credit Ledger (subject to certain Principal Deficiency Ledger triggers); and

(iii) third, the Principal Ledger (subject to certain Principal Deficiency Ledger triggers).

**Principal Re-allocation Amounts**: Available Principal Funds will be applied to reduce or eliminate, among other things, any shortfall in Available Revenue Funds (after the application of the any Liquidity Reserve Drawings...
and General Reserve Drawings) to pay (i) any Interest Amount due and payable in respect of the Most Senior Class of Rated Notes and (ii) pay any Interest Amount due and payable in respect of Rated Notes other than the Most Senior Class of Rated Notes if the debit balance on the associated Principal Deficiency Sub-Ledger is less than 50 per cent. of the Principal Amount Outstanding for that class of Rated Notes.

See the section entitled “Credit Enhancement and Liquidity Support”.

Bank Accounts and Cash Management

Collections of revenue and principal in respect of the Mortgage Loans in the Mortgage Portfolio are received by Capital Home Loans Limited (in its capacity as the Sub-Servicer) in the Collection Accounts. Interest payments and principal repayments are collected throughout the month.

The Collection Accounts are dedicated accounts held with Barclays Bank PLC which will only receive monies in respect of the Mortgage Loans. The aggregate amount received in the Collection Accounts on each day in respect of the Mortgage Loans is the “Daily Mortgage Loan Amount”. The Sub-Servicer will be obliged to instruct the Collection Account Bank to transfer an amount equal to the Daily Mortgage Loan Amount from the Collection Accounts firstly, into the Servicer Expense Account, until there is a credit balance in the Servicer Expense Account equal to the Servicer Expense Required Amount, provided that the amount transferred to the Servicer Expense Account in any Interest Period shall not exceed £50,000 (the “Quarterly Servicer Interim Expense Amount Cap”) and secondly, the balance into the Transaction Account within 1 Business Day after that Daily Mortgage Loan Amount is identified as received in the Collection Accounts.

After the termination of the appointment of Capital Home Loans Limited as the Sub-Servicer and the subsequent transfer of the Collection Accounts to a new Collection Account Bank, all amounts standing to the credit of the new Collection Accounts relating to the Mortgage Loans shall be transferred from the new Collection Accounts to the Transaction Account at the end of each Business Day during a Calculation Period.

In addition, Borrower Repayment Amounts will be paid out of the Collection Accounts to the relevant recipient on any Business Day.

“Collection Account Bank” means, for so long as Capital Home Loans Limited remains the Sub-Servicer, Barclays Bank PLC, and following the termination of Capital Home Loans Limited as the Sub-Servicer, or following a transfer of the Collection Accounts to another bank, such other bank with which the Collection Accounts are held.

The Sub-Servicer may apply amounts standing to the credit of the Servicer Expense Account towards payment of all reasonable out of pocket costs, expenses and charges properly incurred by it in the performance of the Delegated Services at any time provided that the maximum amount which can be so applied during any Interest Period shall not exceed the Quarterly Servicer Interim Expense Amount Cap.

If such out of pocket costs, expenses and charges exceed the Quarterly Servicer Interim Expense Amount Cap and such excess is not otherwise paid by the Master Servicer to the Sub-Servicer, the Sub-Servicer may choose not to incur such additional expense until such time as there are sufficient funds in the Servicer
Expense Account.

The Cash Manager shall instruct the Transaction Account Bank to make payments pursuant to the Cash Management Agreement.
## TRIGGERS TABLES

### Rating Triggers Table

<table>
<thead>
<tr>
<th>Transaction Party</th>
<th>Required Ratings/Triggers</th>
<th>Possible effects of Trigger being breached include the following</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collection Account Bank</td>
<td>(i) in respect of Fitch at least BBB+ (long-term) and F2 (short-term); and&lt;br&gt;(ii) in respect of S&amp;P, at least BBB (long-term) and A-2 (short-term), or if no S&amp;P short-term rating is available, A+ (long-term),</td>
<td>• Replacement of Collection Account Bank</td>
</tr>
<tr>
<td></td>
<td>or in each case such other rating or ratings as would maintain the then current rating of the Rated Notes.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>The consequences of the relevant required rating being breached are set out in more detail in the section entitled “Cash Management”.</td>
</tr>
<tr>
<td>Transaction Account Bank</td>
<td>(i) in respect of Fitch at least A (long-term) and F1 (short-term); and&lt;br&gt;(ii) in respect of S&amp;P, at least A (long-term) and A-1 (short-term), or if no S&amp;P short-term rating is available, A+ (long-term),</td>
<td>• Replacement of the Transaction Account Bank</td>
</tr>
<tr>
<td></td>
<td>or in each case such other rating or ratings as would maintain the then current rating of the Rated Notes.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>The consequences of the relevant required rating being breached are set out in more detail in the section entitled “Cash Management”.</td>
</tr>
</tbody>
</table>
## Non-Rating Triggers Table

<table>
<thead>
<tr>
<th>Nature of Trigger</th>
<th>Description of Trigger</th>
<th>Consequence of Trigger</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perfection Events</td>
<td>The occurrence of any of the following:</td>
<td>A number of events will occur, including Borrowers being notified of the sale to the Issuer (or a nominee of the Issuer) and legal title to the Mortgage Portfolio being transferred to the Issuer (or a nominee of the Issuer) by way of registration or recording in the Land Registry.</td>
</tr>
<tr>
<td></td>
<td>• an Enforcement Notice is served;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• perfection is required by an order of a court or by a change in law occurring after the Closing Date or by a regulatory authority;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• the Security or any material part thereof (in the opinion of the Trustee) is in jeopardy;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• certain insolvency events in respect of the Legal Title Holder.</td>
<td></td>
</tr>
<tr>
<td>Master Servicer</td>
<td>The occurrence of any of the following (subject to applicable grace periods for remedy and materiality thresholds):</td>
<td>Termination of appointment of Master Servicer (and Back-Up Servicer appointment as the replacement servicer will come into effect following the execution of a replacement servicing agreement in accordance with the Back-Up Servicing Agreement).</td>
</tr>
<tr>
<td>Termination Events</td>
<td>• default in the performance of the Master Servicer’s covenants and obligations under the Master Servicing Agreement;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• winding-up of the Master Servicer;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• the Master Servicer ceasing or threatening to carry on its business or making payments to creditors or becomes unable to pay its debts as they fall due or becomes insolvent;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• the occurrence of certain insolvency events in respect of the Master Servicer;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• a Sub-Servicer Termination Event occurs and the Master Servicer is unable to assume the performance of the Delegated Services and no Replacement Sub-Servicer is appointed;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• repudiation or withdrawal of the RESIMAC Servicing Guarantee, save where the Trustee has provided its prior written consent to such repudiation or withdrawal.</td>
<td></td>
</tr>
<tr>
<td>Sub-Servicer</td>
<td>The occurrence of any of the following</td>
<td>Termination of appointment of</td>
</tr>
<tr>
<td></td>
<td>See further the section entitled “Servicing of the Mortgage Portfolio”.</td>
<td></td>
</tr>
<tr>
<td>Nature of Trigger</td>
<td>Description of Trigger</td>
<td>Consequence of Trigger</td>
</tr>
<tr>
<td>-------------------</td>
<td>------------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>Termination Events</td>
<td>(subject to applicable grace periods for remedy and materiality thresholds):</td>
<td>Sub-Servicer (and Replacement Sub-Servicer appointment will come into effect or the Master Servicer will assume the performance of the Delegated Services).</td>
</tr>
<tr>
<td></td>
<td>• default in the performance of the Sub-Servicer’s covenants and obligations under the Sub-Servicing Agreement which, in the opinion of the Master Servicer, is materially prejudicial to the interests of the Noteholders;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• winding-up of the Sub-Servicer;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• the Sub-Servicer ceasing or threatening to carry on its business or making payments to creditors or becomes unable to pay its debts as they fall due or becomes insolvent;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• the occurrence of certain insolvency events in respect of the Sub-Servicer;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• change of control in relation to the Sub-Servicer or the Sub-Servicer’s servicing platform is sold;</td>
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<tr>
<td></td>
<td>• expiry of not less than 2 months’ notice of termination by the Master Servicer;</td>
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<tr>
<td></td>
<td>• the expiry of not less than 6 months’ notice of termination given in writing by the Sub-Servicer to the Master Servicer;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>See further the section entitled “Servicing of the Mortgage Portfolio”.</td>
<td></td>
</tr>
<tr>
<td>Cash Manager</td>
<td>The occurrence of any of the following (subject to applicable grace periods for remedy and materiality thresholds):</td>
<td>Termination of appointment of Cash Manager.</td>
</tr>
<tr>
<td>Termination Events</td>
<td>• failure to make a payment;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• non-compliance with certain covenants or obligations;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• unlawfulness in respect of the Cash Manager; or</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• an insolvency event in respect of the Cash Manager.</td>
<td></td>
</tr>
</tbody>
</table>
## FEES

The following table sets out the on-going fees to be paid by the Issuer to the transaction parties.

<table>
<thead>
<tr>
<th>Type of Fee</th>
<th>Amount of Fee</th>
<th>Priority in Cashflow</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Servicing fees to</td>
<td>During the continuation of the appointment of the Sub-Servicer under the</td>
<td>Ahead of all outstanding Notes</td>
<td>Quarterly, calculated on a pro rata basis</td>
</tr>
<tr>
<td>Master Servicer</td>
<td>Sub-Servicing Agreement, the Master Servicer shall not charge a fee. Upon</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>the assumption of the Delegated Services by the Master Servicer:</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>(1) for the period from (and including) the date of the assumption of the</td>
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</tr>
<tr>
<td></td>
<td>Delegated Services by the Master Servicer until (but excluding) the first</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>anniversary of the Closing Date, an annual fee of 0.135 per cent. multiplied</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>by the Principal Outstanding Balance of the Mortgage Loans on the first day</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>of the Calculation Period just ended (or, as applicable, the Closing Date);</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>and (2) for the period from (and including) the first anniversary of the</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Closing Date, an annual fee of 0.20 per cent. multiplied by the Principal</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Outstanding Balance of the Mortgage Loans on the first day of the Calculation</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Period just ended</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Servicing fees to</td>
<td>For the period from (and including) the Closing Date until (but excluding)</td>
<td>Ahead of all outstanding Notes</td>
<td>Quarterly, calculated on a pro rata basis</td>
</tr>
<tr>
<td>Sub-Servicer</td>
<td>the first anniversary of the Closing Date the aggregate of an annual fee of</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.135 per cent. multiplied by the Principal Outstanding Balance of the</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mortgage Loans on the first day of the Calculation Period just ended (or, as</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>applicable, the Closing Date); and (2) for the period from (and including)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>the first anniversary of the Closing Date, the aggregate of an annual fee of</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.20 per cent. multiplied by the Principal Outstanding Balance of the</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mortgage Loans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Description</td>
<td>Amount/Calculation</td>
<td>Payment Terms</td>
<td></td>
</tr>
<tr>
<td>----------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------</td>
<td>-----------------------------------</td>
<td></td>
</tr>
<tr>
<td>Loans on the first day of the Calculation Period just ended</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Back-up servicing fees to Back-Up Servicer prior to the Back-Up Servicer Succession Date</td>
<td>£50,000 per annum (plus VAT where applicable)</td>
<td>Quarterly in advance</td>
<td></td>
</tr>
<tr>
<td>Invocation fee to the Back-Up Servicer</td>
<td>£190,000 (plus VAT where applicable)</td>
<td>Upon receipt of the Back-Up Servicer Notice</td>
<td></td>
</tr>
<tr>
<td>Servicing fees to the Back-Up Servicer following the Back-Up Servicer Succession Date</td>
<td>(1) The aggregate of an annual fee of 0.10 per cent. multiplied by the Principal Outstanding Balance of the Mortgage Loans as at close of business on the last day of the calendar month just ended (or, as applicable, the Back-Up Servicer Succession Date); (2) A fee of £50 per calendar month in respect of any Mortgage Loans that is one month or more in arrears; and (3) A redemption processing fee of £120 per Mortgage Loan, (in each case plus VAT where applicable)</td>
<td>Quarterly in arrear</td>
<td></td>
</tr>
<tr>
<td>Other fees and expenses of the Issuer</td>
<td>Estimated to be an annual amount equal to 0.05 per cent. multiplied by the Principal Outstanding Balance of the Mortgage Loans on the first day of the Calculation Period just ended</td>
<td>Quarterly (save as previously paid on any Business Day)</td>
<td></td>
</tr>
</tbody>
</table>
REGULATORY DISCLOSURE

Articles 404 to 410 of the CRR and Article 51 of the AIFMR

The Beneficial Title Seller will retain a material net economic interest of not less than 5 per cent. in the securitisation in accordance with Articles 404 to 410 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 21 June 2013 ("CRR"). As at the Closing Date, such interest will comprise an interest in the first loss tranche as required by Article 405(d) of the CRR and Article 51(1)(d) of the AIFMR. Such retention requirement will be satisfied by the Beneficial Title Seller holding the Class Z Note. The Beneficial Title Seller will confirm its ongoing retention of the net economic interest described above in the Quarterly Investor Reports and any change to the manner in which such interest is held will be notified to Noteholders. For more information please refer to the Risk Factor entitled “The Trustee is Not Obliged to Act in Certain Circumstances”.

The Beneficial Title Seller has undertaken to provide to prospective investors readily available access to the data and information referred to in Article 409 of the CRR and Section 5 of the AIFMR, subject always to any requirement of law.

Each prospective investor is required to independently assess and determine the sufficiency of the information described above and in this Prospectus generally for the purposes of complying with Articles 404 to 410 of the CRR and Section 5 of the AIFMR and none of the Issuer, the Arranger, the Lead Manager, the Originator nor any of the Transaction Parties makes any representation that the information described above or in this Prospectus is sufficient in all circumstances for such purposes. In addition each prospective Noteholder should ensure that it complies with the implementing provisions in respect of Articles 405 to 410 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.

Information regarding the Policies and Procedures of the Originator

Investors should note that, at the time of origination, the Originator had internal policies and procedures in relation to the granting of credit, administration of credit-risk bearing portfolios and risk mitigation, which broadly include: (a) criteria for the granting of credit and the process for approving, amending, renewing and refinancing credits; (b) systems in place to administer and monitor the various credit-risk bearing portfolios and exposures (the Mortgage Loans will be serviced in line with the usual servicing procedures of the Master Servicer and Sub-Servicer); (c) diversification of credit portfolios corresponding to the Originator's target market and overall credit strategy; and (d) policies and procedures in relation to risk mitigation techniques.

CRA Regulation

The credit ratings included or referred to in this Prospectus have been issued by the Rating Agencies.

Each of S&P and Fitch is a credit rating agency established in the European Community and registered under the CRA Regulation.
DESCRIPTION OF THE BENEFICIAL TITLE SELLER

RESIMAC Home Loans (UK) Limited

The Beneficial Title Seller is a private limited company incorporated under the laws of England and Wales (registration number 08783934), having its registered office at c/o Hackwood Secretaries Limited, One Silk Street, London, EC2Y 8HQ, United Kingdom.

The Beneficial Title Seller is a fully-owned subsidiary of RESIMAC Limited and was established as a special purpose vehicle for the purposes of acquiring residential mortgage loans advanced to borrowers in England and Wales.

The Beneficial Title Seller has an authorised share capital of AUD$100.

The Beneficial Title Seller has not engaged in any activity since the date of its formation other than in connection with the acquisition of the beneficial title to residential mortgage loans secured on Property in England and Wales and associated activities, including in relation to the financing of such acquisition. It does not have, and has not had, any employees.
DESCRIPTION OF THE ORIGINATOR, LEGAL TITLE HOLDER AND SUB-SERVICER

Capital Home Loans Limited


CHL was formed as a result of a joint venture between Crédit Foncier de France ("CFF") and Société Générale. Société Générale's 51 per cent. holding in CHL was later purchased by CFF on 23 October 1992. CHL was acquired from CFF by a predecessor to Permanent tsb Group Holdings p.l.c. on 22 October 1996. CHL is engaged in the business of holding, purchasing and selling (including for investment) mortgage loans secured on properties in the United Kingdom.

CHL has been awarded the Financial Times Financial Adviser Five Star Award every year between 1999 to 2005. CHL is one of only two lenders in the United Kingdom to win the prestigious Five Star Award six times consecutively and in 2003 it was declared the outright winner of the mortgage category. This prize is seen by financial advisers as a recognition of high service quality delivered by mortgage lenders.
DESCRIPTION OF THE TRANSACTION ACCOUNT BANK

Lloyds Bank plc

Lloyds Bank plc ("Lloyds Bank"), formerly Lloyds TSB Bank plc, was incorporated under the laws of England and Wales on 20 April 1865 (registration number 2065). Lloyds Bank's registered office is at 25 Gresham Street, London EC2V 7HN, United Kingdom. Lloyds Bank is authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA. Lloyds Bank is a wholly owned subsidiary of Lloyds Banking Group plc (together with its subsidiary undertakings from time to time, "Lloyds Banking Group").

Lloyds Banking Group is a leading UK based financial services group providing a wide range of banking and financial services, primarily in the UK, to individual and business customers. The businesses of Lloyds Banking Group are in or owned by Lloyds Bank. Lloyds Banking Group owns Lloyds Bank directly which in turn owns HBOS plc directly.

Additional information, including copies of the most recent publicly available financial results of Lloyds Bank and Lloyds Banking Group, is available from Investor Relations, Lloyds Banking Group, 25 Gresham Street, London EC2V 7HN or from the following internet website address: http://www.lloydsbankinggroup.com. The information on this website does not form part of this Prospectus.
DESCRIPTION OF THE COLLECTION ACCOUNT BANK

Barclays Bank PLC

Barclays Bank PLC is a public limited company registered in England and Wales under number 1026167. The liability of the members of Barclays Bank PLC is limited. It has its registered head office at 1 Churchill Place, London, E14 5HP, United Kingdom (telephone number +44 (0)20 7116 1000). Barclays Bank PLC was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Acts 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, Barclays Bank was re-registered as a public limited company and its name was changed from “Barclays Bank International Limited” to “Barclays Bank PLC”.

Barclays Bank PLC and its subsidiary undertakings (taken together, the “Barclays Group”) is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services. The whole of the issued ordinary share capital of Barclays Bank PLC is beneficially owned by Barclays PLC, which is the ultimate holding company of the Barclays Group.
DESCRIPTION OF THE TRUSTEE

Deutsche Trustee Company Limited

Deutsche Trustee Company Limited (“DTCL”) will be appointed as the Trustee to the Issuer pursuant to the Trust Deed and will act in such capacity through its office at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom.

DTCL is an English company registered under company number 338230 authorised and regulated by the FCA. DTCL is a trust corporation and acts as trustee for eurobond issues, other forms of complex financing structures and loan capital issues and as agent for the service of process. DTCL has an authorised share capital of £5,150,000 and is wholly owned by its ultimate parent Deutsche Bank AG.

The Trustee’s duties are limited to those specifically set forth in the Trust Deed.
DESCRIPTION OF THE CASH MANAGER

Deutsche Bank AG, London Branch

Deutsche Bank Aktiengesellschaft ("Deutsche Bank") originated from the reunification of Norddeutsche Bank Aktiengesellschaft, Hamburg, Rheinisch-Westfälische Bank Aktiengesellschaft, Duesseldorf and Süddeutsche Bank Aktiengesellschaft, Munich; pursuant to the Law on the Regional Scope of Credit Institutions, these had been disincorporated in 1952 from Deutsche Bank which was founded in 1870. The merger and the name were entered in the Commercial Register of the District Court Frankfurt am Main on 2 May 1957. Deutsche Bank is a banking institution and a stock corporation incorporated under the laws of Germany under registration number HRB 30 000. The Bank has its registered office in Frankfurt am Main, Germany. It maintains its head office at Taunusanlage 12, 60325 Frankfurt am Main and branch offices in Germany and abroad including in London, New York, Sydney, Tokyo and an Asia-Pacific Head Office in Singapore which serve as hubs for its operations in the respective regions.

The Bank is the parent company of a group consisting of banks, capital market companies, fund management companies, a real estate finance company, instalment financing companies, research and consultancy companies and other domestic and foreign companies (the "Deutsche Bank Group").

Deutsche Bank AG, London Branch is the London branch of Deutsche Bank AG. On 12 January 1973, Deutsche Bank AG filed in the United Kingdom the documents required pursuant to section 407 of the Companies Act 1948 to establish a place of business within Great Britain. On 14 January 1993, Deutsche Bank registered under Schedule 21A to the Companies Act 1985 as having established a branch (Registration No. BR000005) in England and Wales. Deutsche Bank AG, London Branch is an authorised person for the purposes of section 19 of the Financial Services and Markets Act 2000. In the United Kingdom, it conducts wholesale banking business and through its Private Wealth Management division, it provides holistic wealth management advice and integrated financial solutions for wealthy individuals, their families and selected institutions.

As of 31 March 2014, Deutsche Bank’s subscribed capital amounted to Euro 2,609,919,078.40 consisting of 1,019,499,640 ordinary shares without par value. The shares are fully paid up and in registered form. The shares are listed for trading and official quotation on all German Stock Exchanges. They are also listed on the New York Stock Exchange.

As of 31 March 2014, Deutsche Bank Group had total assets of Euro 1,636,574 million, total liabilities of Euro 1,580,557 million, and total equity of Euro 56,017 million on the basis of International Financial Reporting Standards (unaudited).

Deutsche Bank’s long-term senior debt has been assigned a rating of A (outlook negative) by Standard & Poor's, A3 (outlook negative) by Moody's Investors Service and A+ (outlook negative) by Fitch Ratings.
DESCRIPTION OF THE MASTER SERVICER

RESIMAC Financial Services Limited

RESIMAC Financial Services Limited is a private limited company incorporated in England on 25 November 2011 (registration number 07860933). The registered office of RESIMAC Financial Services Limited is at c/o Hackwood Secretaries Limited, One Silk Street, London, EC2Y 8HQ, United Kingdom.
DESCRIPTION OF THE RESIMAC GUARANTOR

RESIMAC Limited

The RESIMAC Guarantor is incorporated under the laws of New South Wales, Australia (ABN 67 002 997 935). The registered office of the RESIMAC Guarantor is Level 9, 45 Clarence Street, Sydney NSW.

RESIMAC Limited ("RESIMAC") commenced operations in 1985, when it was established by the New South Wales state government to service and securitise residential loans for HomeFund, a New South Wales government housing programme under the name of FANMAC.

In 1993, FANMAC Limited established a private residential lending programme via its subsidiary Residential Mortgage Acceptance Corporation Limited. The HomeFund program ceased in 1994 and FANMAC Limited changed its name to RESIMAC Limited in July 2001. Since 1995, the RESIMAC loan book has expanded from AUD600 million to over 30,000 loans worth AUD4.8 billion (as at 10 January 2014).

RESIMAC’s primary activities involve originating, servicing and securitising mortgage assets.

Ingot Capital Management, a global financial services and infrastructure investment group, has been the major shareholder of RESIMAC since 1998 and is presently RESIMAC’s controlling shareholder.

RESIMAC is an unlisted public company and is subject to public company reporting and audit requirements. RESIMAC holds a broad Australian Financial Services License issued by the Australian Securities and Investment Commission.
DESCRIPTION OF THE BACK-UP SERVICER

Homeloan Management Limited

Homeloan Management Limited (“HML”) has been appointed as the Back-Up Servicer pursuant to the Back-Up Servicing Agreement and pursuant to which HML is responsible for the provision of certain mortgage administration services following termination of the Master Servicer’s appointment pursuant to the Master Servicing Agreement.

HML is the largest third party residential mortgage administrator in the United Kingdom. HML is currently servicing approximately £37 billion of mortgage assets for third parties.

The registered office and principal place of business of HML are The Bailey, Skipton BD23 1DN and Gateway House, Gargrave Road, Skipton BD23 2HL, respectively. HML has a residential primary servicer rating of RPS1- by Fitch and S&P’s Primary Servicer rating of Above Average with a Positive Outlook.
THE ISSUER

Introduction

The Issuer was incorporated in England and Wales as a public company limited by shares under the Companies Act 2006 on 9 January 2014 with registered number 8839392. The registered office of the Issuer is at Winchester House, 1 Great Winchester Street, London EC2N 2DB (telephone number +44 (0)20 7545 6508). The Issuer’s issued share capital comprises 50,000 ordinary shares of £1.00 each, of which 1 ordinary share is fully paid up and 49,999 ordinary shares are 25 per cent. paid up, all of which are held on discretionary trust by the Share Trustee. There are no other equity interests in the Issuer that are outstanding.

The Issuer has been established as a special purpose vehicle for the purpose of issuing asset backed securities and will be mostly passive. The Issuer has no subsidiaries. Neither of the Beneficial Title Seller nor the Legal Title Holder own, directly or indirectly, any of the share capital of the Issuer.

Since its incorporation, the Issuer has not engaged in any material activities other than those incidental to its registration as a public company under the Companies Act 2006, the authorisation and issue of the Notes, the matters contemplated in this Prospectus, the authorisation of the other Transaction Documents referred to in this Prospectus or in connection with the issue of the Notes and other matters which are incidental or ancillary to those activities. The Issuer has no employees. As at the date of this Prospectus no financial statements have been prepared by the Issuer.

The rights of the Share Trustee as a shareholder of the Issuer are contained in the articles of association of the Issuer and the Issuer will be managed in accordance with the provisions of its articles of association and English law.

There is no intention to accumulate surplus cash in the Issuer except in the circumstances set out in the section entitled “Security for the Issuer’s Obligations”.

Directors and Secretary

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Business Address</th>
<th>Principal Activities/Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sunil Masson</td>
<td>Winchester House, 1 Great Winchester Street, London EC2N 2DB</td>
<td>Director</td>
</tr>
<tr>
<td>Sally Gilding</td>
<td>Winchester House, 1 Great Winchester Street, London EC2N 2DB</td>
<td>Director</td>
</tr>
</tbody>
</table>

All of the directors of the Issuer are citizens and residents of the United Kingdom, or companies incorporated in the United Kingdom.

The company secretary of the Issuer is:
In accordance with the Corporate Services Agreement, the Corporate Services Provider will provide directors and other corporate services for the Issuer in consideration for the payment of an annual fee to the Corporate Services Provider.

The Issuer’s activities will principally comprise the issue of the Notes, the entering into of all documents relating to such issue and the exercise of related rights and powers and other activities referred to in this Prospectus or reasonably incidental to those activities.

**Capitalisation and Borrowings**

The following table shows the unaudited capitalisation and borrowings of the Issuer as at 24 September 2014 adjusted for the issue of Notes:

<table>
<thead>
<tr>
<th>£</th>
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</thead>
<tbody>
<tr>
<td><strong>Share Capital</strong></td>
</tr>
<tr>
<td>Issued Share Capital</td>
</tr>
<tr>
<td>50,000 issued ordinary shares of £1 each (1 fully paid and 49,999 one-quarter paid)</td>
</tr>
<tr>
<td><strong>Borrowings</strong></td>
</tr>
<tr>
<td>Class A Notes</td>
</tr>
<tr>
<td>Class B Notes</td>
</tr>
<tr>
<td>Class C Notes</td>
</tr>
<tr>
<td>Class D Notes</td>
</tr>
<tr>
<td>Class Z Note</td>
</tr>
<tr>
<td><strong>178,165,704</strong></td>
</tr>
</tbody>
</table>

As at 24 September 2014, save as disclosed in this Prospectus, the Issuer has no loan capital outstanding or created but unissued, no term loans outstanding and no other borrowings or indebtedness in the nature of borrowing nor any contingent liabilities or guarantees.

The current financial period of the Issuer will end on 31 January 2015.

**Issuer profit**

Pursuant to the Pre-Enforcement Revenue Payments Priorities, Available Revenue Funds are to be applied on each Interest Payment Date in an amount of up to £1,500 on each Interest Payment Date, making a total of up
to £6,000 for each accounting year (the “**Required Profit Amount**”) for retention by the Issuer and to be recognised in the accounts of the Issuer as profit for the relevant accounting year. Any Required Profit 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.
THE MORTGAGE PORTFOLIO AND THE MORTGAGE LOANS

Introduction

The Originator will sell the Mortgage Portfolio to the Beneficial Title Seller on 24 September 2014. The Beneficial Title Seller will on-sell the Mortgage Portfolio to the Issuer on the Closing Date.

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

A portfolio of mortgage loans has been identified and agreed by the Originator and the Beneficial Title Seller (the “Provisional Mortgage Portfolio”) for assignment by the Originator to the Beneficial Title Seller which the Beneficial Title Seller will separately on-sell to the Issuer.

The portfolio of mortgage loans the beneficial title to which the Beneficial Title Seller will transfer on the Closing Date (the “Mortgage Portfolio”) may differ from the Provisional Mortgage Portfolio due to any redemptions of mortgage loans occurring, or enforcement procedures being completed, in each case during the period between 30 June 2014 (the “Provisional Cut-Off Date”) and the Cut-Off Date, or because one or more of the loans in the Provisional Mortgage Portfolio did not comply with the Asset Warranties on the Cut-Off Date. As at the Provisional Cut-Off Date, the Provisional Mortgage Portfolio had the characteristics shown below. See “Characteristics of the Provisional Mortgage Portfolio”.

The Originator

The Mortgage Portfolio comprises mortgage loans originated by the Originator.

Characteristics of the Mortgage Loans

Buy to Let Loans

The Mortgage Loans in the Mortgage Portfolio are secured by non-owner occupied freehold or leasehold properties charged as security for the repayment of the respective Mortgage Loans (such Mortgage Loans being “Buy to Let Loans”).

Repayment Terms

The Mortgage Loans have different repayment methods, as described as follows:

(a) Repayment

A Mortgage Loan under the terms of which monthly instalments covering both interest and principal are payable so that by the stated maturity date for that Mortgage Loan (a “Repayment Mortgage Loan”) the full amount of principal advanced to the Borrower (in addition to the interest) has been repaid.

(b) Interest Only

A Mortgage Loan under the terms of which the Borrower is only obliged to pay interest during the term of that Mortgage Loan (an “Interest Only Mortgage Loan”) with the entire principal amount being payable only upon the relevant maturity date. As the principal amount associated with an Interest Only Mortgage Loan is repayable only upon the maturity of the Mortgage Loan, a life insurance or endowment policy or other repayment vehicle may have been taken out by a Borrower as a means of repayment of the Mortgage Loan.
Of the mortgage loans in the Provisional Mortgage Portfolio, approximately 5.73 per cent. by Current Balance as at the Provisional Cut-Off Date are Repayment Mortgage Loans and approximately 94.04 per cent. by Current Balance as at the Provisional Cut-Off Date are Interest Only Mortgage Loans.

**Interest Rate Setting for Mortgage Loans**

The applicable rate of interest accruing under each Mortgage Loan is referred to as the “Mortgage Rate”.

The Provisional Mortgage Portfolio consists of:

(i) Base Rate Linked Mortgage Loans; and
(ii) SVR Mortgage Loans.

The Provisional Mortgage Portfolio consists of approximately (i) 97.87 per cent. by Current Balance of Mortgage Loans which are Base Rate linked Mortgage Loans (the “Base Rate Linked Mortgage Loans”) where the applicable Mortgage Rate is calculated by reference to the Bank of England base rate; and (ii) 2.13 per cent. by Current Balance of the Mortgage Loans which are subject to the Legal Title Holder’s prevailing published standard variable rate (“SVR”) from time to time (“SVR Mortgage Loans”).

**Mortgage Payment Dates**

All Borrowers are obliged to make monthly payments of interest and, if applicable, principal as required by the conditions of the Mortgage Loans contained in the relevant Mortgage Conditions. The Mortgage Loans have payment dates throughout the month.
CHARACTERISTICS OF THE PROVISIONAL MORTGAGE PORTFOLIO

The statistical and other information contained in this section has been compiled by reference to the Provisional Mortgage Portfolio of £189,450,589 as at the Provisional Cut-Off Date and is described further in the section entitled “The Mortgage Portfolio and the Mortgage Loans - Introduction” above.

The information contained in this section has not been updated to reflect any decrease in the size of the Mortgage Portfolio from that of the Provisional Mortgage Portfolio.

Except as otherwise indicated, these tables have been prepared using the outstanding principal balance as at the Provisional Cut-Off Date. Columns may not add up to the total due to rounding.

As at the Provisional Cut-Off Date, the Provisional Mortgage Portfolio had the following characteristics:

Summary Statistics

<table>
<thead>
<tr>
<th>Summary</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cut-Off Date</td>
<td>30 June 2014</td>
</tr>
<tr>
<td>Portfolio Current Balance (£)</td>
<td>189,450,589</td>
</tr>
<tr>
<td>Number of Loans</td>
<td>819</td>
</tr>
<tr>
<td>WA Seasoning (year)</td>
<td>6.9</td>
</tr>
<tr>
<td>WA OLTV (%)</td>
<td>74.50</td>
</tr>
<tr>
<td>WA Current LTV (%)</td>
<td>70.46</td>
</tr>
<tr>
<td>WA Interest Rate (%)</td>
<td>2.02</td>
</tr>
<tr>
<td>Largest Loan (Original Balance) (£)</td>
<td>2,029,118</td>
</tr>
<tr>
<td>Full Valuation (%)</td>
<td>100.0%</td>
</tr>
<tr>
<td>First Time Buyers</td>
<td>0.0%</td>
</tr>
<tr>
<td>Largest Concentration (S&amp;P)</td>
<td>South East inc London</td>
</tr>
<tr>
<td>WA Remaining term</td>
<td>13.4</td>
</tr>
</tbody>
</table>

1 Region

<table>
<thead>
<tr>
<th>Region</th>
<th>Current Balance (£)</th>
<th>Current Balance (%)</th>
<th>Number of Loans</th>
<th>Number of Loans (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>South East inc London</td>
<td>149,657,342</td>
<td>79.00</td>
<td>513</td>
<td>62.64</td>
</tr>
<tr>
<td>South West</td>
<td>18,001,909</td>
<td>9.50</td>
<td>92</td>
<td>11.23</td>
</tr>
<tr>
<td>West Midlands</td>
<td>4,132,423</td>
<td>2.18</td>
<td>32</td>
<td>3.91</td>
</tr>
<tr>
<td>East Midlands</td>
<td>2,348,646</td>
<td>1.24</td>
<td>25</td>
<td>3.05</td>
</tr>
<tr>
<td>North West</td>
<td>6,626,365</td>
<td>3.50</td>
<td>67</td>
<td>8.18</td>
</tr>
<tr>
<td>North</td>
<td>716,174</td>
<td>0.38</td>
<td>12</td>
<td>1.47</td>
</tr>
<tr>
<td>East Anglia</td>
<td>1,935,620</td>
<td>1.02</td>
<td>11</td>
<td>1.34</td>
</tr>
<tr>
<td>Wales</td>
<td>1,987,921</td>
<td>1.05</td>
<td>24</td>
<td>2.93</td>
</tr>
<tr>
<td>Yorkshire &amp; Humberside</td>
<td>3,960,342</td>
<td>2.09</td>
<td>42</td>
<td>5.13</td>
</tr>
<tr>
<td>Wessex</td>
<td>83,847</td>
<td>0.04</td>
<td>1</td>
<td>0.12</td>
</tr>
<tr>
<td></td>
<td>Current Balance</td>
<td>Current Balance</td>
<td>Number of Loans</td>
<td>Number of Loans</td>
</tr>
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<td>----------------------</td>
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<tr>
<td></td>
<td>(£)</td>
<td>(%)</td>
<td></td>
<td>(%)</td>
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<td><strong>Total:</strong></td>
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</table>

### 2 Current Indexed LTV (%)

<table>
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<th></th>
<th>Current Balance</th>
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<th>Number of Loans</th>
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<tr>
<td></td>
<td>(£)</td>
<td>(%)</td>
<td></td>
<td>(%)</td>
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### 3 Original LTV (%)

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<tr>
<td></td>
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<td>(%)</td>
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<td>1.95</td>
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## 4 Current Loan Size

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<tbody>
<tr>
<td>Less than or equal to 50,000</td>
<td>2,263,911</td>
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<td>89</td>
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<td>50,001 to 100,000</td>
<td>11,439,965</td>
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<td>145</td>
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<td>100,001 to 150,000</td>
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<td>193</td>
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<tr>
<td>150,001 to 200,000</td>
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<td>121</td>
<td>14.77</td>
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<td>200,001 to 250,000</td>
<td>15,472,729</td>
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<td>70</td>
<td>8.55</td>
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<td>250,001 to 500,000</td>
<td>40,604,565</td>
<td>21.43</td>
<td>122</td>
<td>14.90</td>
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<td>500,001 to 1,000,000</td>
<td>29,096,353</td>
<td>15.36</td>
<td>42</td>
<td>5.13</td>
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<tr>
<td>1,000,001 to 1,500,000</td>
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<td>34</td>
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<td>1,500,001 to 2,030,000</td>
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</table>

## 5 Interest Rates (%)

<table>
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<tr>
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<th>Number of Loans (%)</th>
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</thead>
<tbody>
<tr>
<td>Less than or equal to 1.00</td>
<td>10,277,558</td>
<td>5.42</td>
<td>37</td>
<td>4.52</td>
</tr>
<tr>
<td>1.01 to 1.50</td>
<td>11,751,678</td>
<td>6.20</td>
<td>43</td>
<td>5.25</td>
</tr>
<tr>
<td>1.51 to 2.00</td>
<td>53,878,863</td>
<td>28.44</td>
<td>317</td>
<td>38.71</td>
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<tr>
<td>2.01 to 2.50</td>
<td>108,248,708</td>
<td>57.14</td>
<td>385</td>
<td>47.01</td>
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<tr>
<td>2.51 to 5.25</td>
<td>5,293,781</td>
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<td>37</td>
<td>4.52</td>
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<td><strong>Total:</strong></td>
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<td><strong>819</strong></td>
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</table>

## 6 Product Type

<table>
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<tr>
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<th>Current Balance (%)</th>
<th>Number of Loans</th>
<th>Number of Loans (%)</th>
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</thead>
<tbody>
<tr>
<td>BBR</td>
<td>185,416,864</td>
<td>97.87</td>
<td>784</td>
<td>95.73</td>
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<td>SVR</td>
<td>4,033,725</td>
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<td>35</td>
<td>4.27</td>
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<tr>
<td>Fixed</td>
<td>-</td>
<td>0.00</td>
<td>-</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>189,450,589</strong></td>
<td></td>
<td><strong>819</strong></td>
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</table>
### 7 Flexible Loan

<table>
<thead>
<tr>
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<th>Current Balance (%)</th>
<th>Number of Loans</th>
<th>Number of Loans (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flexible</td>
<td>44,725,107</td>
<td>23.61</td>
<td>242</td>
<td>29.55</td>
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<tr>
<td>Not Flexible</td>
<td>144,725,482</td>
<td>76.39</td>
<td>577</td>
<td>70.45</td>
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<tr>
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<td><strong>819</strong></td>
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### 8 Months in Arrears

<table>
<thead>
<tr>
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<th>Number of Loans (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balancer</td>
<td>-</td>
<td>0.00</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>0.1 to 1.00</td>
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<td>100.00</td>
<td>819</td>
<td>100.00</td>
</tr>
<tr>
<td>1.01 to 2.00</td>
<td>-</td>
<td>0.00</td>
<td>-</td>
<td>0.00</td>
</tr>
<tr>
<td>2.01 to 3.00</td>
<td>-</td>
<td>0.00</td>
<td>-</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>189,450,589</strong></td>
<td><strong>100</strong></td>
<td><strong>819</strong></td>
<td><strong>100</strong></td>
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</tbody>
</table>

*all loans are current

### 9 Employment Status

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<th>Number of Loans</th>
<th>Number of Loans (%)</th>
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<tr>
<td>Employed</td>
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<td>Self-Employed</td>
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<td>409</td>
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<td>Legal Entity</td>
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### 10 Maturity Year

<table>
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<th>Number of Loans</th>
<th>Number of Loans (%)</th>
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<tbody>
<tr>
<td>2014</td>
<td>497,991</td>
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<td>9</td>
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<td>2015</td>
<td>2,733,604</td>
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<td>16</td>
<td>1.95</td>
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<td>2016</td>
<td>4,869,710</td>
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<td>14</td>
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<td>2017</td>
<td>5,054,616</td>
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<td>2018</td>
<td>9,258,779</td>
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<td>41</td>
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<td>2019</td>
<td>2,057,560</td>
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<td>19</td>
<td>2.32</td>
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<td>Year</td>
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<td>Number of Loans</td>
<td>Number of Loans (%)</td>
</tr>
<tr>
<td>------</td>
<td>---------------------</td>
<td>---------------------</td>
<td>-----------------</td>
<td>--------------------</td>
</tr>
<tr>
<td>2020</td>
<td>2,584,420</td>
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<td>1.34</td>
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<td>11,762,676</td>
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<td>4,360,046</td>
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<td>5,442,815</td>
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<td>7,816,034</td>
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<td>10,255,437</td>
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<td>31</td>
<td>3.79</td>
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<td>32,713,361</td>
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<td>149</td>
<td>18.19</td>
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<td>9,393,108</td>
<td>4.96</td>
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<td>5.25</td>
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<td>6,199,443</td>
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<td>8,040,672</td>
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<td>4.40</td>
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<td>15,095,215</td>
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<td>-</td>
<td>0.00</td>
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<td>2035</td>
<td>-</td>
<td>0.00</td>
<td>-</td>
<td>0.00</td>
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<td>-</td>
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<td>-</td>
<td>0.00</td>
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### Purpose

<table>
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<th>Number of Loans (%)</th>
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<tbody>
<tr>
<td>Purchase</td>
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<td>289</td>
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<td>530</td>
<td>64.71</td>
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## 12 Other BTL Properties

<table>
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</thead>
<tbody>
<tr>
<td>£</td>
<td>%</td>
</tr>
<tr>
<td>0</td>
<td>67,842,092</td>
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<tr>
<td>1</td>
<td>25,897,992</td>
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<td>2</td>
<td>15,556,813</td>
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<tr>
<td>3</td>
<td>11,448,372</td>
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<td>4</td>
<td>5,421,513</td>
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<tr>
<td>5</td>
<td>8,170,612</td>
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<tr>
<td>&gt;5 to &lt;=10</td>
<td>21,747,457</td>
</tr>
<tr>
<td>&gt;10 to &lt;=15</td>
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</tr>
<tr>
<td>&gt;15</td>
<td>17,715,021</td>
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<tr>
<td><strong>Total:</strong></td>
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</tbody>
</table>

## 13 Repayment Method

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<th>Number of Loans</th>
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<tr>
<td>£</td>
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<td>Repayment</td>
<td>10,859,609</td>
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## 14 Occupancy

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<th>Number of Loans</th>
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<tbody>
<tr>
<td>£</td>
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<tr>
<td>BTL</td>
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<td>Owner Occupied</td>
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## 15 Origination Year

<table>
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<tr>
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<th>Number of Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
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<tr>
<td>1995</td>
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</tr>
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<td>1996</td>
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<tr>
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<td>---------------------</td>
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ASSIGNMENT OF THE MORTGAGE LOANS AND RELATED SECURITY

Sale of Mortgage Loans and their Related Security

Under the mortgage sale agreement to be entered into between the Originator and the Beneficial Title Seller (the “Initial Mortgage Sale Agreement”), the Originator will sell to the Beneficial Title Seller the beneficial interest in each Mortgage Loan and its Related Security and transfer to the Beneficial Title Seller by way of assignment the beneficial interest in each Mortgage Loan and its Related Security on 24 September 2014.

The Beneficial Title Seller will, on the Closing Date, sell and transfer to the Issuer by way of assignment its beneficial interest in each Mortgage Loan and its Related Security pursuant to the terms of the Mortgage Sale Agreement to be entered into between the Legal Title Holder, the Beneficial Title Seller, the Trustee, and the Issuer. In addition, the Originator in its capacity as initial Legal Title Holder will undertake to hold the legal title held by it to each Mortgage Loan and its Related Security on the Closing Date on bare trust for the Issuer.

Transfer of legal title under the Initial Mortgage Sale Agreement

Under the Initial Mortgage Sale Agreement, the Originator will transfer the legal title held by it to each Mortgage Loan and its Related Security to the Beneficial Title Seller or a person designated by the Beneficial Title Seller (the “Replacement Legal Title Holder”) on the earlier to occur of the following events (the “Initial Legal Title Transfer Events”):

(a) the earlier of (i) the date falling 18 months after the Closing Date (or, if such day is not a Business Day, the next following Business Day) and (ii) the date falling 60 days after the receipt by the Beneficial Title Seller of a permission from the FCA under Part IV of the FSMA to carry on each Regulated Mortgage Activity in respect of each Mortgage Loan which is a Regulated Mortgage Contract;

(b) the date on which the appointment of the Sub-Servicer pursuant to the Sub-Servicing Agreement is terminated (for whatever reason); or

(c) the date on which an Originator Insolvency Event occurs with respect to the Originator, such date, the “Initial Legal Title Transfer Date”.

On and from the Initial Legal Title Transfer Date, the Replacement Legal Title Holder shall be the Legal Title Holder and shall hold legal title to the Mortgage Loans and their Related Security on bare trust for the Issuer.

For the purposes of this section, an “Originator Insolvency Event” means (i) the Originator ceases payment of its debts within the meaning of Section 123(1)(a) of the Insolvency Act 1986 or becomes unable to pay its debts as they fall due, (ii) an order being made, a petition presented or a resolution passed for the winding-up of the Originator, or (iii) an order being made for the appointment of a provisional liquidator to the Originator, (iv) a notice of intention to appoint an administrator or notice of appointment of administrator in respect of the Originator being filed at court, (v) an administration order being made, an application for an administration order being lodged at court or presented in respect of the Originator, (vi) a receiver, receiver and manager or administrative receiver being appointed over the whole or part of the Originator’s business or assets, (vii) a voluntary arrangement under section 1 of the Insolvency Act 1986 being proposed or approved in respect of the Originator, (viii) a compromise or arrangement under Part 26 of the Companies Act 2006 (or under the provisions of s.425 of the Companies Act 1985 before its repeal) being proposed, agreed to or sanctioned in respect of the Originator, (ix) the Originator has entered into any compromise or arrangement with its creditors or any class of its creditors generally, or (x) action is being taken by the Registrar of
Companies to strike the Originator off the register under section 652 of the Companies Act 1985 or section 1003 of the Companies Act 2006.

“Regulated Mortgage Activity” means each and any of the activities falling within articles 25A, 53A, 61 and 64 of the Regulated Activities Order to the extent that it is a regulated activity for the purposes of the FSMA.

Transfer of legal title under the Mortgage Sale Agreement

Legal title will not be transferred by the relevant Legal Title Holder to the Issuer unless and until the occurrence of a Perfection Event which is continuing, as described further in the section entitled “Transfer of legal title to the Issuer” below.

In addition to providing for the sale, transfer and assignment of the Mortgage Portfolio, the Mortgage Sale Agreement also sets out or provides for the following:

(a) the representations and warranties to be given by the Beneficial Title Seller in relation to the Mortgage Loans and the Related Security;
(b) the provisions governing the repurchase of the relevant Mortgage Loan and Related Security in case of a breach of a warranty which has not been remedied within applicable grace periods;
(c) the undertaking of the Beneficial Title Seller to retain a material net economic interest of not less than 5 per cent. in the securitisation in accordance with Article 405 of the CRR and Article 51 of the AIFMR; and
(d) the circumstances for the transfer of legal title to the Mortgage Loans and their Related Security to the Issuer as described above.

Consideration

The consideration payable by the Issuer to the Beneficial Title Seller for the Mortgage Portfolio on the Closing Date will consist of an amount of £172,976,412.17 together with Deferred Consideration payable by the Issuer to the Beneficial Title Seller. All amounts received prior to the Completion Date by the Originator shall be for its account.

Asset Warranties and Breach of Asset Warranties

The Mortgage Sale Agreement contains the asset warranties given in relation to the Mortgage Loans by the Beneficial Title Seller (the “Asset Warranties”). No searches, enquiries or independent investigations have been or will be made by the Issuer or the Trustee, each of whom is relying upon the Asset Warranties.

If, upon the occurrence of a breach of an Asset Warranty under the Mortgage Sale Agreement, such breach is either not capable of remedy or, if capable of remedy, the Beneficial Title Seller has failed to remedy such breach within the applicable grace period starting from when the Beneficial Title Seller becomes aware of the same, the Issuer’s sole recourse shall be the ability to require the Beneficial Title Seller (or the RESIMAC Guarantor pursuant to the RESIMAC MSA Guarantee) to repurchase the relevant Mortgage Loan. The Issuer shall have no recourse to the Originator and the Originator makes no warranties to the Issuer in respect of the Mortgage Loans.

The following are the Asset Warranties (or extracts or summaries of certain warranties) given by the Beneficial Title Seller in relation to the Mortgage Loans and the Related Security in favour of the Issuer under the Mortgage Sale Agreement on the Closing Date:
(a) The particulars of each Mortgage Loan and its related Mortgage set out in the data tape provided by the Beneficial Title Seller to the Issuer on 10 September 2014 (the “Data Tape”) are complete, true and accurate in all material respects.

(b) Each Mortgage Loan was originated by the Originator in the ordinary course of the Originator's residential mortgage lending activities.

(c) Immediately prior to the sale of the Mortgage Loans to the Issuer pursuant to the Mortgage Sale Agreement on the Closing Date, the Originator was the absolute legal owner and the Beneficial Title Seller was the beneficial owner of the Mortgage Loans and their Related Security free from all Encumbrances.

(d) Neither the Originator nor the Beneficial Title Seller has assigned (whether by way of absolute assignment or by way of security only), transferred, charged, disposed of, declared a trust over or dealt with the benefit of any of the Mortgage Loans or their Related Security or any of the property, rights, titles, interests or benefits to be sold, assigned or held in trust pursuant to the Initial Mortgage Sale Agreement or the Mortgage Sale Agreement, other than pursuant to such mortgage sale agreements or in connection with the Auburn Securities 6 plc securitisation transaction and/or the Auburn Securities 7 plc securitisation transaction (the “Auburn Securitisations”). Any rights of the Originator previously transferred, charged or disposed of pursuant to the Auburn Securitisations have subsequently been returned and/or released (as appropriate) to the Originator.

(e) Each Mortgage Loan and its related Mortgage and any guarantee given in support of the Borrower’s obligations thereunder constitutes a legal, valid, binding and enforceable obligation of the Borrower and/or the guarantor and each related Mortgage secures the repayment of all advances, interest, costs and expenses payable by the relevant Borrower to the Originator in priority to any other charges registered or recorded against the relevant Property (provided that nothing in this paragraph (e) constitutes a representation or warranty as to the sufficiency of any such Property as security for any indebtedness secured on it) except that (i) enforceability may be limited by bankruptcy, insolvency or other similar laws of general applicability affecting the enforcement of creditors’ rights generally and the courts’ discretion in relation to equitable remedies and (ii) this warranty shall not apply in respect of any early repayment charges, mortgage administration exit fees or charges payable in the event of a Borrower default.

(f) Each Mortgage constitutes a first ranking legal mortgage over the relevant Property.

(g) At the time that any advance was made by the Originator to a Borrower under a Mortgage Loan, the Property intended to be charged to secure the repayment of the Mortgage Loan was of the kind permitted under the then lending criteria of the Originator, subject only to exceptions made on a case by case basis as would be acceptable to a Prudent Mortgage Lender.

(h) All steps necessary with a view to perfecting the Originator’s legal title to each Mortgage have been taken.

(i) No right of set-off or counterclaim exists between the Originator and any Borrower that would entitle that Borrower to reduce any amount payable under the relevant Mortgage Loan.

(j) Prior to making an advance to a Borrower, the Originator instructed solicitors 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 to a borrower to be secured on a property of the kind permitted under the Originator’s then current lending criteria and a report on title in respect of the relevant Property was received by or on behalf of the Originator from such solicitors which either
initially or after further investigation revealed no matter which would cause a Prudent Mortgage Lender to decline the Mortgage Loan having regard to the Originator’s then current lending criteria.

(k) Each Mortgage Loan is a Buy to Let Loan and is secured via a Mortgage on a freehold or leasehold residential property in England or Wales.

(l) Prior to making an advance, the relevant Property was valued by an independent qualified valuer details of which are disclosed in the relevant loan files and such valuation would have been acceptable to a Prudent Mortgage Lender at the date such valuation was performed.

(m) Prior to making an advance, the nature and amount of such advance, the circumstances of the relevant Borrower (to the extent applicable) and the origination of such Mortgage Loan (or the provision of such Further Advance (as applicable)) satisfied the then current lending criteria of the Originator in all material respects.

(n) To the best of the Beneficial Title Seller's knowledge (having made all such reasonable enquiries as a Prudent Mortgage Lender would be expected to make in order to be satisfied as to the same and having due regard to the results of such enquiries), at the time of the relevant application for a Mortgage, no Borrower had filed for bankruptcy or been sequestrated or had a county court judgment or court decree (save for satisfied county court judgments or court decrees up to the value of £500) entered or awarded against him in the period commencing on the date falling 6 years prior to the date they executed the relevant Mortgage and ending on the day they executed the relevant Mortgage.

(o) Each Mortgage Loan and its related Mortgage has been made on the terms of the Standard Documentation (so far as applicable) which has not been varied in any material respect and is denominated in Sterling.

(p) Subject to completion of any registration or recording which may be pending at the Land Registry all title deeds (save for title deeds held at the Land Registry and title deeds existing in dematerialised forms) and loan files are held by, or to the order of, the Originator or the Originator’s solicitors or licensed conveyancers

(q) For each Mortgage Loan, proper accounts, books and records have been kept showing clearly all material transactions, payments, receipts and proceedings relating to that Mortgage Loan and are in all material respects up to date, accurate and in the possession of the Originator.

(r) No Mortgage Loan or its related Mortgage contains a mandatory obligation on the part of the Originator to make any further advance (other than a Redraw).

(s) At the time of completion of the relevant Mortgage, the Originator or its solicitors took reasonable steps to verify that the relevant Property was either insured under a Buildings Policy in the name of the Originator or that the Originator was jointly insured with the Borrower under, or its interest noted on, a Buildings Policy in relation to the relevant Property.

(t) The Beneficial Title Seller has (having made all such reasonable enquiries as a Prudent Mortgage Lender would be expected to make in order to be satisfied as to the same and having due regard to the results of such enquiries) no knowledge of any fraud in relation to any Mortgage Loan which could reasonably be expected to result in the value of the Loan or its related security being reduced.

(u) Each Borrower is a natural person and not a partnership or a company (save as contemplated by paragraph (ff) below.

(v) No Borrower is an employee of the Originator or any of its Affiliates.
(w) No agreement for any Mortgage Loan is or includes a regulated credit agreement (as defined in Article 60B(3) of the Regulated Activities Order) or constitutes any other agreement regulated or partly regulated by the CCA (other than Sections 140A to 140C of the CCA) or, to the extent that any agreement for any Mortgage Loan is in whole or in part a regulated agreement or consumer credit agreement, such agreement is not unenforceable pursuant to the terms of the CCA due to non-compliance with the procedures and requirements set out in the CCA.

(x) No Loan is a Regulated Mortgage Contract;

(y) To the extent that any Loan and related Mortgage is subject to the Unfair Terms in Consumer Contracts Regulations 1994 or 1999 (the “UTCCR”), no action whether formal or informal has been taken by the Office of Fair Trading, the FCA or a “qualifying body” as defined in the UTCCR, against the Originator pursuant to the UTCCR or otherwise which might restrict or prevent the enforcement of any term of any Loan and related Mortgage and as far as the Beneficial Title Seller is aware the terms of the Loan and the Related Mortgage are not unfair terms within the meaning of that expression in the UTCCR;

(z) So far as the Beneficial Title Seller is aware (having made all such reasonable enquiries as a Prudent Mortgage Lender would be expected to make in order to be satisfied as to the same and having due regard to the results of such enquiries), there are no complaints in relation to the Mortgage Loans or Mortgages (whether relating to their origination, servicing or otherwise) made to the Financial Ombudsman Service which have been notified by the Financial Ombudsman Service to the Originator and which remain outstanding.

(aa) The Beneficial Title Seller is not aware (having made all such reasonable enquiries as a Prudent Mortgage Lender would be expected to make in order to be satisfied as to the same and having due regard to the results of such enquiries) of any pending action or proceeding by a Borrower against the Originator in respect of the Mortgage Loans and their Mortgages.

(bb) The Beneficial Title Seller is not aware (having made all such reasonable enquiries as a Prudent Mortgage Lender would be expected to make in order to be satisfied as to the same and having due regard to the results of such enquiries) of the Originator having sold any payment protection insurance or similar to a Borrower in respect of any Mortgage Loan.

(cc) Interest on each Mortgage Loan has been charged by the Originator in accordance with the provisions of the Mortgage Loan and its related Mortgage save in cases where payment concessions or arrangements to pay have been negotiated with the Borrower in the ordinary course of servicing of the Mortgage Loans.

(dd) The Beneficial Title Seller is not aware (having made all such reasonable enquiries as a Prudent Mortgage Lender would be expected to make in order to be satisfied as to the same and having due regard to the results of such enquiries) of the Originator having knowingly waived or acquiesced in any breach of any of its rights in relation to a Mortgage Loan or a Mortgage other that those undertaken as part of being a Prudent Mortgage Lender.

(ee) All formal approvals, consents and other steps necessary to permit an assignment or transfer of the Mortgage Loans have been obtained or taken.

(ff) In relation to any Buy to Let Loan:

(i) It is a condition of the Originator's buy to let policies and procedures that, in respect of the tenancy to which a Property is subject:
(A) the tenancy is an assured shorthold tenancy or a tenancy in respect of which the relevant tenant is a body corporate; and

(B) the relevant tenancy agreement or lease, as the case may be, was, at the time of origination of the Mortgage Loan, on terms that would be acceptable to a reasonably Prudent Mortgage Lender;

(ii) Prior to making a mortgage loan to a Borrower, the Originator instructed solicitors to undertake to ensure each relevant guarantor (where a Mortgage Loan is stated to be the subject of a guarantee as listed in the Data Tape) executed a deed of guarantee in respect of the repayment by the relevant Borrower of the amounts due under the Mortgage Loan and its related Mortgage in favour of the mortgagee;

(iii) In respect of each Borrower which is a corporate borrower:

(A) such Borrower is a private company incorporated with limited liability in England and Wales, Scotland or Northern Ireland;

(B) the Originator has not received written notice of any steps having been taken for the liquidation or winding-up of, or the making of an administration order or analogous proceedings in relation to, such Borrower or of any steps having been taken to enforce any security over the assets of such Borrower (including, without limitation, the appointment of any receiver of rent in respect of the Borrower);

(C) prior to making the initial advance to such Borrower, the Originator instructed solicitors to undertake to conduct a search at Companies House in relation to such Borrower which revealed that no notices of appointment of a liquidator, administrator, administrative receiver or receiver had been filed and that no resolution had been passed to wind up the Borrower;

(D) in relation to such Borrower, the solicitor acting for the Originator satisfied himself that:

   (I) a meeting of the board of directors of the Borrower had resolved to approve the Mortgage Loan and the related Mortgage and had authorised a designated person or persons to sign all relevant documentation; and
   
   (II) such meeting was duly convened and quorate in accordance with the Borrower's articles of association.

(E) prior to making the initial advance to such Borrower, the Originator, acting as a prudent mortgage lender, carried out a company search at the underwriting stage to identify the directors and shareholders of the corporate borrower, and to establish whether any incidence of default was registered against either the individuals or the company itself; and

(F) the particulars of the relevant Mortgage were registered with Companies House within 21 days of the date of the grant of the Mortgage.

“Affiliate” means, in relation to any party, any subsidiary or parent company of that party and any subsidiary of any such parent company, in each case from time to time.

“Buildings Policies” means any buildings insurances over the Properties or any of them.

“Current Balance” means, in respect of any Mortgage Loan, at any date, all sums owed by a Borrower under that Mortgage Loan, which for the avoidance of doubt includes without duplication or limitation:
(a) the Principal Outstanding Balance

(b) interest which has become due and payable but remains unpaid as at that date (to the extent not capitalised); plus

(c) ground rent and service charges paid by the Legal Title Holder to reversioners or landlords in relation to leasehold properties and not reimbursed by the applicable Borrower (to the extent not capitalised); plus

(d) all fees and expenses payable by the Borrower to the Legal Title Holder.

“Encumbrance” means any mortgage, pledge, lien, charge, assignment, hypothecation or other security interest or any other agreement or arrangement having a similar effect save for any lien arising by operation of law.

“Prudent Mortgage Lender” means a reasonably prudent residential mortgage lender acting in accordance with the standards reasonably expected of a prudent mortgage servicer experienced in underwriting mortgage loans of the type comprised in the Mortgage Portfolio on terms that do not differ materially from the lending criteria of the Originator and to borrowers with substantially the same credit history as the Borrowers.

**Repurchase by Beneficial Title Seller**

The Beneficial Title Seller will agree in the Mortgage Sale Agreement to repurchase any Mortgage Loan (including any accrued interest thereon) together with its Related Security if such Mortgage Loan or its Related Security does not comply on the Closing Date with the Asset Warranties given by the Beneficial Title Seller under the Mortgage Sale Agreement and such breach is not remedied within the applicable grace period starting from when the Beneficial Title Seller becomes aware of such breach and provides a written notice in relation to such breach to the Issuer and the Trustee.

The Beneficial Title Seller will not have any liability for breach of an Asset Warranty other than the Beneficial Title Seller’s obligation to repurchase the relevant Mortgage Loan.

The price payable by the Beneficial Title Seller upon the repurchase of any Mortgage Loan and its Related Security (the “Repurchase Price”) will be the aggregate of the Principal Outstanding Balance of such Mortgage Loan as at the close of business on the date immediately preceding the date of repurchase plus accrued but unpaid interest in relation to that Mortgage Loan up to but excluding the date of repurchase plus an amount equal to the Issuer’s reasonable and proper costs or any other reasonable expenditure in relation to such repurchase before the redemption in full of the Notes.

The Issuer may have recourse to the RESIMAC Guarantor pursuant to the RESIMAC MSA Guarantee for a breach of the Beneficial Title Seller’s repurchase obligation under the Mortgage Sale Agreement.

**Legal title**

Under the Initial Mortgage Sale Agreement, the Originator will transfer the legal title held by it to each Mortgage Loan and its Related Security to the Replacement Legal Title Holder upon the occurrence of any of the Initial Legal Title Transfer Events.

Prior to the Initial Legal Title Transfer Date, and provided no Perfection Event has occurred, the Originator (in its capacity as initial Legal Title Holder) shall hold legal title to the Mortgage Loans and their Related Security on bare trust for the Issuer.
Following the Initial Legal Title Transfer Date, and provided no Perfection Event has occurred, the Replacement Legal Title Holder shall hold legal title to the Mortgage Loans and their Related Security on bare trust for the Issuer.

**Transfer of legal title to the Issuer**

The sale to the Issuer of the Mortgage Loans and the Related Security under the Mortgage Sale Agreement will take effect in equity and transfer beneficial title only. As a result, legal title to the Mortgage Loans and their Related Security will remain with the relevant Legal Title Holder until such time as certain additional steps have been taken including the giving of notices of the assignment to the Borrowers.

Under the Mortgage Sale Agreement, neither of the Beneficial Title Seller nor the Issuer will require the execution and completion of such transfers and conveyances in favour of the Issuer or the registration or recording of such transfers or service of notice on Borrowers in order to effect the transfer of legal title to the Mortgage Loans and their Related Security, except in the limited circumstances described below.

**Transfer upon Perfection Event**

The relevant Legal Title Holder shall be obliged to give notice of assignment of the Mortgage Loans to the Borrowers following the occurrence of a Perfection Event and receipt of a written request from the Issuer or the Trustee (as described below). The registered transfers of legal title to the Mortgage Loans and their Related Security duly executed by the Legal Title Holder will be released by the Legal Title Holder to the Issuer or a party designated by the Issuer within 25 Business Days of receipt of written notice from the Issuer or the Trustee upon the occurrence of any of the following (each a “Perfection Event”) which is continuing:

(a) the service of an Enforcement Notice by the Trustee;
(b) the Legal Title Holder being required, by an order of a court of competent jurisdiction, or by a change in law occurring after the Closing Date, or by a regulatory authority, to perfect the transfer of legal title to the Mortgage Loans and Related Security in favour of the Issuer;
(c) the Security or any material part (in the opinion of the Trustee) of the Security being in jeopardy and it being necessary to perfect the transfer of legal title to the Mortgage Loans and their Related Security in favour of the Issuer in order to materially reduce such jeopardy; or
(d) the occurrence of an insolvency event in relation to the Legal Title Holder.

As soon as reasonably practicable after the receipt by the Legal Title Holder of a written notice from the Issuer or the Trustee upon the occurrence of a Perfection Event, the Legal Title Holder (or its agent) shall despatch to each Borrower, in respect of each Mortgage Loans comprised in the Portfolio, a notice of the sale and transfer of that Borrower's Mortgage Loan and Related Security to the Issuer pursuant to the Mortgage Sale Agreement in a form agreed between the Legal Title Holder and the Beneficial Title Holder, each acting reasonably.

The Issuer shall, following the occurrence of a Perfection Event, register or record any transfer of the legal title to a Mortgage at the Land Registry as soon as possible following receipt (or execution by the Issuer) of such transfer and shall respond expeditiously to all requisitions raised by the Land Registry.

**Third Party Interest**

As a consequence of neither the Issuer nor the Trustee obtaining legal title to the Mortgages and not registering or recording their respective interest at the Land Registry a bona fide purchaser from the Legal
Title Holder (or until such registration or recording of the title of the Legal Title Holder is complete, a *bona fide* purchaser from any previous owner of the Mortgage Loans) for value of any of such Mortgage Loans without notice of any of the interests of the Legal Title Holder (where registration or recording of the title of the Legal Title Holder to any Mortgages is incomplete), the Issuer or the Trustee might obtain a good title free of any such interest. Further, the rights of the Legal Title Holder, 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 (or any previous owner of the Mortgage Loans)). However, the risk of third party claims obtaining priority to the interests of the Issuer or the Trustee would be likely to be limited to circumstances arising from a breach by the Legal Title Holder (or any previous owner of the Mortgage Loans) of its contractual obligations or fraud, negligence or mistake on the part of the Legal Title Holder (or any previous owner of the Mortgage Loans) or the Issuer or their respective personnel or agents.

**Limited recourse**

The Issuer may not have any direct rights (under general law or in contract) against any solicitors or valuers who, when acting for the Legal Title Holder in relation to the origination of any Mortgage Loan, may have been negligent or fraudulent. However, and notwithstanding the absence of any such direct rights, the Legal Title Holder has, to the extent assignable, assigned its causes and rights of actions against third parties in respect of the Mortgage Loans to the Beneficial Title Seller, who in turn has assigned such causes and rights of actions to the Issuer pursuant to the Mortgage Sale Agreement.

**RESIMAC MSA Guarantee**

RESIMAC Limited (the “RESIMAC Guarantor”) has agreed to guarantee in favour of the Issuer the performance by the Beneficial Title Seller of all of its obligations (including any repurchase obligations) under the Mortgage Sale Agreement (the “RESIMAC MSA Guarantee”).

**Governing Law**

The Mortgage Sale Agreement and any non-contractual obligation arising out of or in connection to the Mortgage Sale Agreement will be governed by English law.

The RESIMAC MSA Guarantee and any non-contractual obligation arising out of or in connection to the RESIMAC MSA Guarantee will be governed by English law.
SERVICING OF THE MORTGAGE PORTFOLIO

Mortgage Loan Servicing

The Master Servicer

The Master Servicer will be appointed by the Issuer and after the service of an Enforcement Notice the Trustee under the terms of the Master Servicing Agreement as their agent to service the Mortgage Loans.

The Master Servicer is required to administer the Mortgage Portfolio as the agent of the Issuer and after an Event of Default the Trustee under and in accordance with the terms of the Master Servicing Agreement. The duties of the Master Servicer include, *inter alia*:

(a) setting the interest rates on the SVR Mortgage Loans and the Base Rate Linked Mortgage Loans from time to time;

(b) collecting payments on the Mortgage Loans and discharging Mortgage Loans and their Related Security upon redemption;

(c) monitoring and where appropriate, pursuing arrears and enforcing the security in respect of the Mortgage Loans;

(d) taking all reasonable steps to ensure safe custody of all title deeds and loan files in respect of the Mortgage Loans and their Related Security which are in its possession;

(e) making claims under insurance contracts with respect to the Mortgage Loans;

(f) administrating the Issuer's interests in any life policies and in other collateral security related to the Mortgage Loans; and

(g) providing Redraws as required in connection with any Flexible Mortgage Loan.

The Master Servicer is entitled to delegate its functions under the Master Servicing Agreement subject to certain conditions. However, the Master Servicer remains liable for the performance of those functions notwithstanding any such delegation.

As at the Closing Date, the Master Servicer does not have the necessary licences, approvals, registrations and authorisations to conduct the servicing functions under the Master Servicing Agreement. On or about the Closing Date, the Master Servicer will delegate certain of its servicing obligations (the “Delegated Services”) under the Master Servicing Agreement to the Sub-Servicer (see the section entitled “The Sub-Servicer” below). Notwithstanding such delegation, the Master Servicer remains liable at all times for servicing the Mortgage Loans and for the acts or omissions of the Sub-Servicer. The Master Servicer may assume the performance of the Delegated Services upon obtaining the necessary licences, approvals, registrations, authorisations and consents which are necessary in connection with the performance of the Delegated Services.

The Master Servicer is entitled to charge a fee for its services under the Master Servicing Agreement payable on each Interest Payment Date. Such fee is payable in accordance with the relevant Payments Priorities.

The appointment of the Master Servicer may, in each case, be terminated by the Issuer or the Trustee (acting on the direction of an Extraordinary Resolution of the Most Senior Class of Notes outstanding or after the service of an Enforcement Notice), on the happening of certain events of default or insolvency on the part of the Master Servicer or if the Trustee gives an Enforcement Notice in relation to the Notes. The Back-Up Servicer has agreed to act as a replacement servicer pursuant to the terms of the Back-Up Servicing
Agreement following the termination of the appointment of the Master Servicer. The Master Servicer will provide reasonable cooperation in order to facilitate the handover of its servicing responsibilities. For a period of three months following termination of the appointment of the Master Servicer, the Back-Up Servicer will be entitled to such non-exclusive licences and intellectual property that the Master Servicer is legally empowered to grant to the Back-Up Servicer, subject to certain limitations.

The registered office of the Master Servicer is located at c/o Hackwood Secretaries Limited, One Silk Street, London EC2Y 8HQ, England.

RESIMAC Servicing Guarantee
The RESIMAC Guarantor has agreed to guarantee in favour of the Issuer the performance by the Master Servicer of all of its obligations under the Master Servicing Agreement (the “RESIMAC Servicing Guarantee”). The RESIMAC Servicing Guarantee will remain in place for so long as RESIMAC Financial Services Limited is appointed as the Master Servicer under the Master Servicing Agreement. Pursuant to the terms of the Master Servicing Agreement, the RESIMAC Servicing Guarantee may be withdrawn without causing a Master Servicer Termination Event, provided the Trustee has given its prior written consent.

The Sub-Servicer
On or about the Closing Date, the Sub-Servicer will be appointed by the Master Servicer to provide the Delegated Services pursuant to the Sub-Servicing Agreement.

The Sub-Servicer will not be required to take instructions from the Master Servicer, the Issuer or the Trustee in relation to the services to be provided by it under the Sub-Servicing Agreement, but will act as a Prudent Mortgage Servicer and in accordance with its then current policies and procedures. The Sub-Servicer is entitled to delegate its functions under the Sub-Servicing Agreement subject to certain conditions. The Sub-Servicer remains liable to the Master Servicer for the performance of those functions notwithstanding any such delegation.

The Sub-Servicer is entitled to charge a fee for its services under the Sub-Servicing Agreement. Such fee is payable by the Issuer. The Sub-Servicer will perform day-to-day servicing functions as further described in the Sub-Servicing Agreement including collections, arrears management and enforcement of security but will not have any obligation to pursue shortfall recoveries following the sale of a Property (save as otherwise agreed between the Sub-Servicer and the Master Servicer).

The appointment of the Sub-Servicer may be terminated by the Master Servicer (with the consent of the Issuer or the Trustee (acting on the direction of an Extraordinary Resolution of the Most Senior Class of Notes outstanding or after the service of an Enforcement Notice) on the happening of certain events of default (including insolvency) on the part of the Sub-Servicer or on expiry of not less than 6 months notice of termination given in writing by the Sub-Servicer to Master Servicer. Such termination shall only be effective if the Master Servicer assumes the performance of the Delegated Services (in circumstances where it has obtained the necessary licences, approvals, registrations, authorisations and consents in order to perform such Delegated Services) or a replacement sub-servicer which has the requisite licences, approvals, and authorisations which are necessary to perform the Delegated Services (the “Replacement Sub-Servicer”) is appointed. The Sub-Servicer will provide reasonable cooperation in order to facilitate the handover of its responsibilities.

The appointment of the Sub-Servicer will be automatically terminated upon the termination of the appointment of the Master Servicer.
**Redraws**

The Mortgage Portfolio will include Mortgage Loans (such loans being “Flexible Mortgage Loans”) where the relevant Borrower may be entitled to request (i) a repayment from the lender of amounts representing previous overpayments on that Borrower’s Mortgage Loan (each such repayment being a “Redraw”) or (ii) that an amount not exceeding the total amount of previous overpayments made by such Borrower be applied not as overpayments but in or towards payment of such Borrower’s subsequent monthly payments (each a “Payment Holiday”).

If the Master Servicer or the Sub-Servicer (as applicable) receives a Redraw request from a Borrower, the Master Servicer or the Sub-Servicer (as applicable) shall provide to the Issuer and the Cash Manager (with a copy to the Legal Title Holder) a written notice notifying them of the Redraw request and setting out the amount of the proposed Redraw. Within 5 Business Days of receiving such notice, the Cash Manager, on behalf of the Issuer shall pay such amount to the Master Servicer by using principal collections standing to the credit of the Transaction Account at such time.

**Back-Up Servicing**

On the Closing Date, the Issuer will appoint the Back-Up Servicer to perform back-up servicing functions pursuant to the Back-Up Servicing Agreement entered into between the Issuer, the Master Servicer, the Trustee, the Sub-Servicer and the Back-Up Servicer dated on or about the Closing Date (the “Back-Up Servicing Agreement”).

Upon the appointment of the Back-Up Servicer as replacement servicer, the duties of the Back-up Servicer include, *inter alia*:

(a) subject to the provisions of the Replacement Servicing Agreement, setting the interest rates on the SVR Mortgage Loans and the Base Rate Linked Mortgage Loans from time to time;

(b) collecting payments on the Mortgage Loans and dealing with the administrative aspects of redemption of a Mortgage Loan, including arranging for the discharge of a Mortgage

(c) implementing the Collections Procedures;

(d) assisting with the preparation and submission of any claim under any insurance policies in relation to any Mortgage Loan or its Related Security; and

(e) dealing with the administrative aspects of Redraws.

The Cash Manager will deliver to the Back-Up Servicer the Quarterly Investor Reports related to the Mortgage Loans and such other information as the Back-Up Servicer reasonably requests to perform its obligations.

Upon the termination of the appointment of the Master Servicer under the Master Servicing Agreement, the Back-Up Servicer will, within 60 days of receiving notice of the same, replace the Master Servicer as servicer of the Mortgage Loans pursuant to a replacement servicing agreement.

The Back-Up Servicing Agreement may be terminated by the Back-Up Servicer:

(a) without cause, upon the expiry of not less than six months’ notice, provided that a replacement back-up servicer is appointed at the time such notice takes effect;

(b) where any variation is made to a Transaction Document without the Back-Up Servicer’s consent if such variation would adversely affect to a material extent the Back-Up Servicer’s ability to perform its obligations under the Back-Up Servicing Agreement or the Replacement Servicing Agreement or
would materially increase the cost to the Back-Up Servicer of performing its obligations under the Back-Up Servicing Agreement or the Replacement Servicing Agreement; or

(c) if any payment due and payable to the Back-Up Servicer remains unpaid after the due date for payment and is not paid following the expiry of not less than 30 days’ notice by the Back-Up Servicer to the Issuer of its intention to terminate the Back-Up Servicing Agreement (provided that the Back-Up Servicer shall not be entitled to terminate the Back-Up Servicing Agreement if it is subsequently paid all such amounts due before the expiry of the relevant notice).

**Governing Law**

Each of the Master Servicing Agreement, the Sub-Servicing Agreement, the Back-Up Servicing Agreement and the RESIMAC Servicing Guarantee and any non-contractual obligation arising out of or in connection with the Master Servicing Agreement, the Sub-Servicing Agreement, the Back-Up Servicing Agreement and/or the RESIMAC Servicing Guarantee shall be governed by English law.
CASH MANAGEMENT

On the Closing Date, the Issuer will appoint Deutsche Bank AG, London Branch as the cash manager (the “Cash Manager”) to provide cash management services to the Issuer pursuant to a cash management agreement (the “Cash Management Agreement”).

Cash Management Services

The primary obligation of the Cash Manager is to effect the transfer of monies between the relevant parties and accounts. The Cash Manager’s duties will include, but are not limited to:

(a) determining no later than the Cash Manager Determination Date the amount of the Available Revenue Funds and the amount of the Available Principal Funds and the amounts to be paid in respect of each item in the Pre-Enforcement Payments Priorities on the next following Interest Payment Date;

(b) applying Available Revenue Funds and Available Principal Funds in accordance with the order of payments set forth in the relevant Payments Priorities on each Interest Payment Date;

(c) maintaining the Principal Ledger, the Revenue Ledger, the Credit Ledger, the Liquidity Ledger, the Issuer Profit Ledger and the Principal Deficiency Ledger; and

(d) preparing the quarterly investor report in accordance with the Cash Management Agreement (the “Quarterly Investor Report”).

The Quarterly Investor Report will be published on https://tss.sfs.db.com/investpublic. The loan level data report to be submitted to the Cash Manager will be in a format that is compliant with the relevant Bank of England collateral eligibility criteria.

Collection Accounts

The Collection Accounts comprise the Collections (DD) Account, into which direct debits from any Borrower are paid, together with the Collections (Redemption) Account into which all other payments made by the Borrowers are paid. The Collection Accounts are held by the Sub-Servicer at the Collection Account Bank, to which Principal Receipts received from Borrowers (“Principal Collections”) and Revenue Receipts received from Borrowers (“Revenue Collections”) are directed.

On the Closing Date, the Collection Accounts will be held by the Sub-Servicer with Barclays Bank PLC. Upon the termination of the appointment of Capital Home Loans Limited as the Sub-Servicer in accordance with the Sub-Servicing Agreement, new collection account arrangements will need to be put in place by the Replacement Sub-Servicer, the Master Servicer or the then current Legal Title Holder (as applicable). Borrowers will be given notice to pay all amounts due under the Mortgage Loans to the new Collection Accounts. The Beneficial Title Seller will procure that any new Collection Accounts will be subject to a declaration of trust in favour of the Issuer on terms substantially the same as the Collection Account Declaration of Trust.

The Collection Accounts are dedicated accounts held with Barclays Bank PLC which will only receive monies in respect of the Mortgage Loans. The aggregate amount received in the Collection Accounts on each day in respect of the Mortgage Loans is the “Daily Mortgage Loan Amount”. The Sub-Servicer will be obliged to instruct the Collection Account Bank to transfer an amount equal to the Daily Mortgage Loan Amount from the Collection Accounts firstly, into the Servicer Expense Account, until there is a credit balance in the Servicer Expense Account equal to the Servicer Expense Required Amount, provided that the
amount transferred to the Servicer Expense Account in any Interest Period shall not exceed £50,000 (the “Quarterly Servicer Interim Expense Amount Cap”) and secondly, the balance into the Transaction Account within 1 Business Day after that Daily Mortgage Loan Amount is identified as received in the Collection Accounts.

On or about the Closing Date, the Sub-Servicer will declare a trust over the Collection Accounts (the “Collection Account Declaration of Trust”) in favour of the Issuer absolutely.

On or about the Closing Date, the Sub-Servicer will also declare a trust over the Servicer Expense Account in favour of the Sub-Servicer (in relation to the amounts to which the Servicer is entitled to withdraw pursuant to the Sub-Servicing Agreement) and in favour of the Issuer (in relation to the remaining amount in the Servicer Expense Account).

After the termination of Capital Home Loans Limited as the Sub-Servicer and the subsequent transfer of the Collection Accounts to a new Collection Account Bank, the Master Servicer will, or will procure that the Replacement Legal Title Holder will, provide the new Collection Account Bank with a new account mandate authorising the Master Servicer or the then current Legal Title Holder (as applicable) to transfer monies from the new Collection Accounts from time to time (to the extent that the Collection Account Bank does not undertake such task automatically). Pursuant to the Master Servicing Agreement, the Master Servicer will be obliged to procure that amounts standing to the credit of the new Collection Accounts relating to the Mortgage Loans shall be transferred into the Transaction Account at the end of each Business Day during a Calculation Period.

The Master Servicer will, or will procure that the Replacement Legal Title Holder will, after the termination of Capital Home Loans Limited as the Sub-Servicer and the subsequent transfer of the Collection Accounts to a new Collection Account Bank, declare a trust over the new Collection Accounts in favour of the Issuer on terms substantially similar to those contained in the original Collection Account Declaration of Trust.

In addition, Borrower Repayment Amounts will be paid out of the Collection Accounts to the relevant recipient on any Business Day.

**Servicer Expense Account**

The Sub-Servicer may apply amounts standing to the credit of the Servicer Expense Account towards payment of all reasonable out of pocket costs, expenses and charges properly incurred by it in the performance of the Delegated Services at any time provided that the maximum amount which can be so applied during any Interest Period shall not exceed the Quarterly Servicer Interim Expense Amount Cap.

If such out of pocket costs, expenses and charges exceed the Quarterly Servicer Interim Expense Amount Cap and such excess is not otherwise paid by the Master Servicer to the Sub-Servicer, the Sub-Servicer may choose not to incur such additional expense until such time as there are sufficient funds in the Servicer Expense Account.

“Servicer Expense Account” means the account so named and specified in the Account Details and which is held in the name of the Sub-Servicer at the Collection Account Bank.

“Servicer Expense Required Amount” means an amount equal to £30,000.
Transaction Account

Pursuant to the Transaction Account Agreement, the Issuer will maintain the Transaction Account. The Issuer may, with the prior written consent of the Trustee, open additional or replacement bank accounts on terms as agreed between the parties from time to time.

Interest shall accrue on the daily credit balance of the Transaction Account at the Transaction Account Rate and shall be credited to the Transaction Account.

“Transaction Account Rate” means the rate of interest accruing on the balance standing to the credit of the Transaction Account equal to, as at the Signing Date, the Bank of England base rate minus 0.1 per cent. but which may be amended by the Transaction Account Bank from time to time.

Eligible Investments

The Cash Manager may at the direction of the Issuer on any Business Day on which the same are not otherwise required for making any payment due by the Issuer under the terms of the Transaction Documents, instruct the Transaction Account Bank to withdraw (or keep withdrawn) funds from the Transaction Account for the purpose only of investing those funds in Eligible Investments specified by the Issuer. The Cash Manager shall direct all income, principal, proceeds of sale, redemption, realised or disposal or any other amounts received in respect of any Eligible Investments are returned prior to the next succeeding Calculation Date and credited to the Transaction Account.

For this purpose, “Eligible Investments” means:

(a) demand or time deposits, certificates of deposit and other short term unsecured debt obligations provided that, in each case, at the time the deposit is made or the certificate or obligation is acquired the then current rating of the unsecured and unguaranteed debt obligations of that institution (or, where the investment in question is guaranteed, of the guaranteeing institution) is AA- or A-1+ or AAAm by S&P; and at least one of (a) P-1 (short-term) or at least A2 (long-term) (if applicable) from Moody’s; (b) a short-term issuer default rating of F1+ or long-term issuer default rating of AA- from Fitch; and (c) at least R-1 (middle) (short-term) or AA (low) (long-term) (if applicable) from DBRS, or in each case such other ratings as may be required by the Rating Agencies from time to time;

(b) short term unsecured debt obligations issued by a body corporate provided that the then current rating of the unsecured and unguaranteed debt obligations of that body corporate (or where the debt obligations in question are guaranteed, of the guaranteeing institution) is AA- or A-1+ or AAAm by S&P; and at least one of (a) P-1 (short-term) or at least A2 (long-term) (if applicable) from Moody’s; (b) a short-term issuer default rating of F1+ or long-term issuer default rating of AA- from Fitch; and (c) at least R-1 (middle) (short-term) or AA (low) (long-term) (if applicable) from DBRS, or in each case such other ratings as may be required by the Rating Agencies from time to time;

(c) money market funds that meet the European Securities and Markets Authority (ESMA) Short-Term Money Market Fund definition, set out in Guideline reference 10-049 of the Committee for European Securities Regulators, or money market funds that hold an AAAm money market fund rating from S&P and an equivalent money market fund rating from a recognised credit rating agency such as Moody’s, Fitch or DBRS, provided that, no withholding or deduction for or account of tax will be made on any payments of interest or principal in respect of any such deposit, bond, debenture, note or other investment or security evidencing debt, and provided further that no such instrument will be a volatile instrument (as specified in the Rating Agencies’ published criteria) and/or an instrument issued by a mutual fund or similar investment vehicle, and provided further that each such instrument shall mature (or otherwise be capable of being redeemed,
terminated or broken (at no additional cost)) on or before the next succeeding Calculation Date so that such funds will be available for withdrawal on such date.

**Ledgers**

The Cash Manager shall maintain the following ledgers in respect of amounts standing to the credit of the Transaction Account:

(a) the Principal Ledger. Amounts credited to this ledger during a Calculation Period (such as Principal Receipts and Revenue Reallocation Amounts) will be available on the following Interest Payment Date for application in accordance with the Pre-Enforcement Principal Payments Priorities;

(b) the Revenue Ledger. Amounts credited to this ledger during a Calculation Period (such as Revenue Receipts, Principal Reallocation Amounts and (following redemption of the Rated Notes) Residual Principal Allocation Amounts) will be available on the following Interest Payment Date for application in accordance with the Pre-Enforcement Revenue Payments Priorities;

(c) a ledger in the books of the Issuer called the “Issuer Profit Ledger”. Amounts credited to this ledger on Interest Payment Dates will be applied in the satisfaction of the Issuer’s income tax obligations and for payment to the shareholders of the Issuer by way of dividend;

(d) the Liquidity Ledger. Amounts standing to the credit of this ledger may be credited to the Revenue Ledger for application on an Interest Payment Date towards the payment of the amounts referred to in (i) items (a), (b), (c) and (d) of the Pre-Enforcement Revenue Payments Priorities and (ii) items (e) and (g) or, following the redemption in full of the Class A Notes and the Class B Notes, items (j) and (l) of the Pre-Enforcement Revenue Payments Priorities; and

(e) the Credit Ledger. Amounts standing to the credit of this ledger may be credited to the Revenue Ledger for application on an Interest Payment Date to reduce or eliminate, among other things, (i) any debit balance of the Class A Principal Deficiency Sub-Ledger, the Class B Principal Deficiency Sub-Ledger, the Class C Principal Deficiency Sub-Ledger and the Class D Principal Deficiency Sub-Ledger; (ii) any Interest Amount due and payable in respect of the Most Senior Class of Rated Notes and (iii) any Interest Amount due and payable in respect of Rated Notes other than the Most Senior Class of Rated Notes if the debit balance on the associated Principal Deficiency Sub-Ledger is less than 50 per cent. of the Principal Amount Outstanding for that class of Rated Notes (prior to the application of amounts comprising Principal Reallocation Amounts).

A further ledger, the Principal Deficiency Ledger, will be maintained by the Cash Manager. That ledger does not relate to amounts standing to the credit of the Transaction Account but rather records (i) amounts of Principal Loss and Principal Reallocation Amounts (which are debited to the Principal Deficiency Ledger) and (ii) amounts transferred from the Revenue Ledger to the Principal Ledger comprising a Revenue Reallocation Amount (which are credited to the Principal Deficiency Ledger).

**Ratings of Collection Account Bank and Transaction Account Bank**

If at any time the Transaction Account Bank ceases to be an Eligible Institution, the Issuer shall, within 10 calendar days of becoming aware of such circumstance, give notice of such event to the Trustee. The Transaction Account Bank shall use commercially reasonable efforts to assist the Issuer in identifying a replacement transaction account bank which is an Eligible Institution but if it is unable to identify such a replacement within such time period, the Transaction Account Bank shall have no liability or further obligation to any person with respect to identifying a replacement transaction account bank.

The Issuer shall, within 30 calendar days from the date on which the Transaction Account Bank has ceased to be an Eligible Institution, use all reasonable endeavours to procure the replacement of the Transaction...
Account Bank with an entity which is an Eligible Institution and, as a result, procure that the Transaction
Account Bank transfers the amounts standing to the credit of the Transaction Account to that entity and
procure that such entity establishes arrangements substantially similar to those contained in the Transaction
Account Agreement. The Transaction Account Bank shall provide the Issuer with any assistance reasonably
requested of it in order to effect such a transfer of banking arrangements. A failure on the part of the Issuer to
procure such a transfer, having used all reasonable endeavours to do so, shall not constitute an Event of
Default under Condition 12.1.2.

If at any time the Collection Account Bank ceases to be an Eligible Institution, the Sub-Servicer shall, within
10 calendar days of becoming aware of such circumstance, give notice of such event to the Issuer (who will
give notice to the Noteholders) and to the Trustee.

The Issuer shall, within 30 calendar days from the date on which the Collection Account Bank has ceased to
be an Eligible Institution, use reasonable endeavours to replace such bank with an entity which is an Eligible
Institution and, as a result, procure that the Collection Account Bank transfers the amounts held on trust for
the Issuer standing to the credit of the Collection Accounts and the Servicer Expense Account to that entity
and procure that such entity establishes arrangements on substantially the same terms as the Collection
Account Bank. The Master Servicer shall, at the Issuer’s expense, use reasonable efforts to assist the Issuer to
effect such replacement and transfer.

Any expenses, costs or other liabilities incurred by or on behalf of the Legal Title Holder in connection with
the replacement of the Collection Account Bank shall be for the account of the Issuer.

“Eligible Institution” means:

(a) in respect of the Transaction Account Bank, any depository institution, (1) the short-term unsecured
and unsubordinated debt obligation of which are rated at least A-1 by S&P and the long-term
unsecured and unsubordinated debt obligations of which are rated at least A by S&P and the short-term
issuer default ratings of which are rated at least F1 and the long-term issuer default ratings of which
are rated at least A by Fitch or (2) if no S&P short-term rating is available, the long-term unsecured
and unsubordinated debt obligation of which are rated at least A+ by S&P, or

(b) in respect of the Collection Account Bank, any depository institution, (1) the short-term unsecured and
unsubordinated debt obligation of which are rated at least A-2 by S&P and the long-term unsecured
and unsubordinated debt obligations of which are rated at least BBB by S&P and the short-term issuer
default ratings of which are rated at least F2 and the long-term issuer default ratings of which are rated
at least BBB+ by Fitch or (2) if no S&P short-term rating is available the long-term unsecured and
unsubordinated debt obligation of which are rated at least BBB+ by S&P,

or in each case such other rating or ratings as would maintain the then current rating of the Rated Notes.

**Remuneration of Cash Manager**

The Cash Manager will be paid at a rate as agreed between the Cash Manager and the Issuer from time to
time.

**Resignation of Cash Manager**

The Cash Manager may resign only on giving not less than 90 days’ notice in writing to the Trustee and the
Issuer (with a copy to the Transaction Account Bank) provided that (i) a successor cash manager has been
appointed and a new cash management agreement is entered into on substantially the same terms as the Cash
Management Agreement or on such terms as are satisfactory to the Trustee and the Issuer and (ii) the Rating Agencies have been notified in writing of such resignation and appointment.

**Termination of Appointment of Cash Manager**

The Issuer may, with the written consent of the Trustee, or following the delivery of an Enforcement Notice the Trustee may itself upon written notice to the Cash Manager with a copy to the Transaction Account Bank, the Issuer and the Trustee (as applicable), terminate the Cash Manager’s rights and obligations immediately if any of the following events occur:

(a) default is made by the Cash Manager in ensuring the payment on the due date of any payment required to be made under the Cash Management Agreement and such default continues unremedied for a period of three Business Days after the earlier of the Cash Manager becoming aware of the default and receipt by the Cash Manager of written notice from the Issuer or (following the delivery of an Enforcement Notice) the Trustee requiring the default to be remedied;

(b) without prejudice to paragraph (a) above:

   (i) material default is made by the Cash Manager in the performance or observance of any of its other covenants and obligations under the Cash Management Agreement;

   (ii) any representation or warranty made by the Cash Manager pursuant to Clause 7 (Representations and Warranties) of the Cash Management Agreement proves to be untrue, incomplete or inaccurate in any material respect; or

   (iii) any certification or statement made by the Cash Manager in any certificate or other document delivered pursuant to the Cash Management Agreement proves to be untrue, incomplete or inaccurate in any material respect,

and (if such default is capable of remedy) such default continues unremedied for a period of 20 Business Days after the earlier of the Cash Manager becoming aware of such default and receipt by the Cash Manager of written notice from the Issuer or (following the delivery of an Enforcement Notice) the Trustee requiring the same to be remedied;

(c) it is or will become unlawful for the Cash Manager to perform any of its obligations under the Cash Management Agreement; or

(d) any insolvency event occurs in relation to the Cash Manager.

Upon termination of the appointment of the Cash Manager, the Issuer will use its reasonable endeavours to appoint a substitute cash manager (and give notice of such appointment to the Rating Agencies). Any such substitute cash manager will be required to enter into an agreement on substantially the same terms as are satisfactory to the Trustee and the Issuer.

If the appointment of the Cash Manager is terminated or the Cash Manager resigns, the Cash Manager must deliver its books of account relating to the Notes to or at the direction of the Trustee. The Cash Management Agreement will terminate automatically on the Interest Payment Date following the realisation of Charged Property.

**Governing Law**

The Cash Management Agreement and any non-contractual obligations arising out of or in relation to the Cash Management Agreement will be governed by English law.
CASHFLOWS

Payments on Business Days other than Interest Payment Dates

On each Business Day during a Calculation Period (other than an Interest Payment Date) prior to delivery of an Enforcement Notice, the Cash Manager shall, on behalf of the Issuer, effect payment from monies in the Transaction Account and recorded in the Revenue Ledger of the amounts due and payable by the Issuer on such Business Day in relation to the following matters in the amounts required (provided that payments to be made from and including a Cash Manager Determination Date to and including the following Interest Payment Date shall only be made from amounts paid into the Transaction Account during the Calculation Period in which that payment falls and in the case of payments to be made pursuant to paragraphs (a) and (d) below, to the extent the Cash Manager has been notified of the proposed payment of such amounts by the Master Servicer or the Sub-Servicer) (but in no order of priority):

(a) any amount payable by the Issuer (a) to a Borrower under the terms of the Mortgage Conditions or by operation of law including (without limitation) amounts overpaid by a Borrower or proceeds of enforcement which exceed the amounts outstanding in respect of the Mortgage Loan (but subject to any right to refuse or withhold payment of such amount or any right of set off that has arisen by reason of such Borrower’s breach of the terms of such Mortgage Conditions) or (b) to any other person in respect of a payment relating to a Mortgage Loan which has not been accepted by the Legal Title Holder, the Master Servicer or the Sub-Servicer (a “Borrower Repayment Amount”) of a revenue nature, to be paid into the Collection Accounts;

(b) any tax payment and any amount due in respect of VAT at the rate applicable from time to time;

(c) any Third Party Expenses;

(d) any amount necessary to be paid to the Collection Accounts to remedy an overdraft in relation to the Collection Accounts caused by a payment from the Collection Accounts by the Collection Account Bank to satisfy any of its 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 Borrowers under the Mortgage Loans, or to pay any amounts due or owing to the Collection Account Bank.

On each Business Day during a Calculation Period (other than an Interest Payment Date) prior to delivery of an Enforcement Notice, the Cash Manager shall, on behalf of the Issuer, effect payment from monies in the Transaction Account and recorded in the Principal Ledger of the amounts due and payable by the Issuer on such Business Day in relation to the following matters in the amounts required (provided that payments to be made from and including a Cash Manager Determination Date to and including the following Interest Payment Date shall only be made from amounts paid into the Transaction Account during the Calculation Period in which that payment falls and provided that the Cash Manager has been notified of the proposed payment of such amounts by the Issuer, the Master Servicer or the Sub-Servicer) (but in no order of priority):

(a) any Borrower Repayment Amount of a principal nature to be paid to the Collection Accounts;

(b) the amount of any Redraws to be paid to the Master Servicer or a Borrower; and

(c) the purchase price for the Mortgage Loans payable to the Beneficial Title Seller on the Closing Date.

“Direct Debit” means a written instruction of a Borrower authorising its bank to honour a request of the Legal Title Holder to debit a sum of money on specified dates from the account of the Borrower for deposit into an account of the Legal Title Holder; and
“Direct Debiting Scheme” means the system for the manual or automated debiting of bank accounts by Direct Debit operated in accordance with the principal rules of certain members of the Association for Payment Clearing Services.

Pre-Enforcement Revenue Payments Priorities

Prior to the service of an Enforcement Notice by the Trustee to the Issuer, the Cash Manager (on behalf of the Issuer) shall, on each Interest Payment Date, apply Available Revenue Funds in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (the “Pre-Enforcement Revenue Payments Priorities”):

(a) in or towards satisfaction pro rata and pari passu according to the respective amounts thereof of the Trustee Liabilities and the Trustee Fees;

(b) to the extent such amounts have not already been paid in accordance with Paragraph 1 (Payments from Revenue Ledger on any Business Day) of Part 3 of Schedule 1 of the Cash Management Agreement, in or towards satisfaction of any Third Party Expenses and any amounts required to pay or discharge any liability of the Issuer to corporation tax (which cannot be met out of amounts retained previously by the Issuer as profit under item (d) below);

(c) in or towards satisfaction pro rata and pari passu according to the respective amounts thereof of:
   (i) any Agents’ Liabilities;
   (ii) the Agents’ Fees;
   (iii) any Master Servicer Liabilities and Sub-Servicer Liabilities (to the extent not already paid from the Servicer Expense Account);
   (iv) the Servicing Fees and Sub-Servicing Fees;
   (v) any Back-Up Servicer Liabilities;
   (vi) the Back-Up Servicer Fees;
   (vii) any Cash Manager Liabilities;
   (viii) the Cash Manager Fees;
   (ix) the Transaction Account Bank Fees;
   (x) any Corporate Services Provider Liabilities; and
   (xi) the Corporate Services Provider Fees;

(d) to credit an amount to the Issuer Profit Ledger up to an amount for the relevant accounting year of the Issuer equal to the Required Profit Amount for that accounting year;

(e) in or towards payments of amounts of interest due and payable in respect of the Class A Notes:

(f) to record a credit entry in the Class A Principal Deficiency Sub-Ledger in an amount equal to the Class A Revenue Reallocation Amount (if any) determined as at the related Calculation Date and to record a credit entry of such amount in the Principal Ledger;

(g) in or towards payments of amounts of interest due and payable in respect of the Class B Notes (including any Deferred Interest and Additional Interest thereon);
(h) to record a credit entry in the Class B Principal Deficiency Sub-Ledger in an amount equal to the Class B Revenue Reallocation Amount (if any) determined as at the related Calculation Date and to record a credit entry of such amount in the Principal Ledger;

(i) prior to the redemption of the Rated Notes in full, to credit the Liquidity Ledger in an amount necessary to bring the credit balance of the Liquidity Ledger up to the Liquidity Ledger Required Amount;

(j) in or towards payments of amounts of interest due and payable in respect of the Class C Notes (including any Deferred Interest and Additional Interest thereon);

(k) to record a credit entry in the Class C Principal Deficiency Sub-Ledger in an amount equal to the Class C Revenue Reallocation Amount (if any) determined as at the related Calculation Date and to record a credit entry of such amount in the Principal Ledger;

(l) in or towards payments of amounts of interest due and payable in respect of the Class D Notes (including any Deferred Interest and Additional Interest thereon);

(m) to record a credit entry in the Class D Principal Deficiency Sub-Ledger in an amount equal to the Class D Revenue Reallocation Amount (if any) determined as at the related Calculation Date and to record a credit entry of such amount in the Principal Ledger;

(n) prior to an Optional Portfolio Purchase, to credit the Credit Ledger in an amount necessary to bring the credit balance of the Credit Ledger up to the Credit Ledger Required Amount such that the credit balance of the General Reserve Fund reach up to the General Reserve Fund Target Amount;

(o) to record a credit entry in the Class Z Principal Deficiency Sub-Ledger in an amount equal to the Class Z Revenue Reallocation Amount (if any) determined as at the related Calculation Date and to record a credit entry of such amount in the Principal Ledger

(p) in or towards payments of amounts of interest due and payable in respect of the Class Z Note (including any Deferred Interest and Additional Interest thereon);

(q) to pay Deferred Consideration due and payable under the Mortgage Sale Agreement to the Beneficial Title Seller.

For the avoidance of doubt, when applying Available Revenue Funds in the Pre-Enforcement Revenue Payments Priorities on any Interest Payment Date:

(a) an amount equal to the Liquidity Reserve Drawing comprised in the Available Revenue Funds on such Interest Payment Date shall only be applied, prior to any General Reserve Drawing and Principal Reallocation Amounts on such Interest Payment Date, to pay:

(i) items (a) to (d) of the Pre-Enforcement Revenue Payments Priorities; and

(ii) items (e) and (g) or, following the redemption in full of the Class A Notes and the Class B Notes, items (j) and (l) of the Pre-Enforcement Payments Priorities;

(b) an amount equal to the General Reserve Drawing comprised in the Available Revenue Funds on such Interest Payment Date shall be applied after the application of any Liquidity Reserve Drawing but without taking into account any principal Reallocation Amounts on such Interest Payment Date and shall only be applied to pay:

(i) items (a) to (d) of the Pre-Enforcement Revenue Payments Priorities;

(ii) any Interest Amount due and payable in respect of the Most Senior Class of Rated Notes;
items (f), (h), (k) and (m) of the Pre-Enforcement Revenue Payments Priorities; and

any Interest Amount due and payable in respect of the Rated Notes other than the Most Senior Class of Rated Notes, provided that the debit balance on the associated Principal Deficiency Sub-Ledger of such class of Rated Notes is less than 50 per cent. of the Principal Amount Outstanding for such class of Rated Notes; and

an amount equal to the Principal Reallocation Amount comprised in the Available Revenue Funds on such Interest Payment Date shall be applied after all other Available Revenue Funds have been applied and shall only be applied to pay:

(i) items (a) to (d) of the Pre-Enforcement Revenue Payments Priorities;

(ii) any Interest Amount due and payable in respect of the Most Senior Class of Rated Notes; and

(iii) any Interest Amount due and payable in respect of the Rated Notes other than the Most Senior Class of Rated Notes, provided that the debit balance on the associated Principal Deficiency Sub-Ledger of such class of Rated Notes is less than 50 per cent. of the Principal Amount Outstanding for such class of Rated Notes.

“Agents’ Fees” means the fees payable to the Principal Paying Agent for the account of the Paying Agents, the Agent Bank and the Class Z Note Registrar in accordance with the terms of the Agency Agreement.

“Agents’ Liabilities” means any Liabilities due and payable by the Issuer to the Agents in accordance with the terms of the Agency Agreement, in each case together with interest as provided in the Agency Agreement.

“Back-Up Servicer Fees” means the fees, costs and expenses payable by the Issuer to the Back-Up Servicer or the Replacement Servicer in accordance with the terms of the Back-Up Servicing Agreement or the Replacement Servicing Agreement (as applicable).

“Back-Up Servicer Liabilities” means any Liabilities properly and reasonably incurred by or on behalf of the Back-Up Servicer or the Replacement Servicer in connection with the performance of the Back-Up Servicer’s or the Replacement Servicer’s functions (as applicable) under the Back-Up Servicing Agreement or the Replacement Servicing Agreement (as applicable).

“Back-Up Servicer Succession Date” means the date on which the Back-Up Servicer shall assume responsibility for performing its obligations under the Replacement Servicing Agreement;

“Cash Manager Liabilities” means any Liabilities due and payable by the Issuer to the Cash Manager in accordance with the terms of the Cash Management Agreement.

“Cash Manager Fees” means the fees, costs and expenses payable by the Issuer to the Cash Manager in accordance with the Cash Management Agreement.

“Corporate Services Provider Liabilities” means any Liabilities due and payable by the Issuer to the Corporate Services Provider and the Share Trustee in accordance with the terms of the Corporate Services Agreement.

“Corporate Services Provider Fees” means the fees due and payable to the Corporate Services Provider and the Share Trustee in accordance with the terms of the Corporate Services Agreement.

“Deferred Consideration” means the deferred consideration due and payable to the Beneficial Title Seller pursuant to the Mortgage Sale Agreement in respect of the sale of the Mortgage Portfolio, which shall be an amount equal to the amount remaining after making payment of (as applicable):
(a) the items described in (a) to (p) inclusive of the Pre-Enforcement Revenue Payments Priorities on each Interest Payment Date; or

(b) the items described in (a) to (m) inclusive of the Post-Enforcement Payments Priorities;

“Liabilities” means, in respect of any person, any losses, damages, costs, charges, awards, claims, demands, expenses, judgments, actions, proceedings or other liabilities whatsoever including proper legal fees and any Taxes and penalties incurred by that person.

“Master Servicer Liabilities” means any and all of: (a) amounts due to the Master Servicer in connection with the enforcement of any Mortgage Loan and/or the protection or enforcement of the Trustee’s rights and remedies in relation to such enforcement in the immediately preceding Calculation Period; and (b) any other Liabilities properly and reasonably incurred by or on behalf of the Master Servicer in connection with the performance of the Master Servicer’s functions under the Master Servicing Agreement (including without limitation, any costs, expenses and charges payable by the Issuer to the Master Servicer in accordance with the Master Servicing Agreement).

“Servicing Fees” means the fees, costs and expenses payable by the Issuer to the Master Servicer in accordance with the Master Servicing Agreement.

“Sub-Servicing Fees” means the fees, costs and expenses payable by the Issuer to the Sub-Servicer in accordance with the Sub-Servicing Agreement.

“Sub-Servicer Liabilities” means any and all of: (a) amounts due to the Sub-Servicer in connection with the enforcement of any Mortgage Loan (provided that no action shall be required to be taken by the Sub-Servicer following the sale of a Property unless otherwise agreed between the Sub-Servicer and the Beneficial Title Seller) and/or the protection or enforcement of the Trustee’s rights and remedies in relation to such enforcement in the immediately preceding Calculation Period; and (b) any other Liabilities properly and reasonably incurred by or on behalf of the Sub-Servicer in connection with the performance of the Sub-Servicer’s functions under the Sub-Servicing Agreement (including without limitation, any costs, expenses and charges payable by the Issuer to the Sub-Servicer in accordance with the Sub-Servicing Agreement) to the extent (i) not paid by the Master Servicer and (ii) not paid from the Service Expense Account.

“Third Party Expenses” means any amounts due and payable by the Issuer to third parties (not being Secured Creditors) including any Liabilities payable in connection with:

(a) the purchase by the Issuer of the Mortgage Loans;

(b) any filing or registration of any Transaction Documents;

(c) any provision for and payment of the Issuer’s liability to any Tax Authority for any Tax (to the extent that such Liability or potential Liability cannot be paid out of the amounts credited to the Issuer Profit Ledger);

(d) any Requirement of Law or any Regulatory Direction;

(e) any legal or audit or other professional advisory fees (including Rating Agency fees);

(f) any directors’ fees or emoluments;

(g) any advertising, publication, communication and printing expenses including postage, telephone and telex charges;

(h) the admission of the Notes to the Official List or to trading on the Regulated Market of the Stock Exchange; and
(i) any other amounts then due and payable to third parties and incurred without breach by the Issuer of the provisions of the Transaction Documents.

“Transaction Account Bank Fees” means the fees, costs and expenses of the Transaction Account Bank for the operation of the Transaction Account as determined in accordance with the Transaction Account Agreement.

“Trustee Fees” means the fees payable by the Issuer to the Trustee, together with any interest payable thereon pursuant to the Trust Documents.

“Trustee Liabilities” means any Liabilities due and payable by the Issuer to the Trustee in accordance with the terms of the Trust Documents together with interest payable in accordance with the terms of the Trust Deed.

Pre-Enforcement Principal Payments Priorities

Prior to the service of an Enforcement Notice by the Trustee to the Issuer, the Cash Manager (on behalf of the Issuer) shall, on each Interest Payment Date, apply Available Principal Funds in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (provided that following an Optional Portfolio Purchase no amounts shall be applied in respect of item (a)) (the “Pre-Enforcement Principal Payments Priorities”):

(a) an amount equal to the Principal Reallocation Amount (if any) determined as at the related Calculation Date, such amount to be recorded as a credit entry in the Revenue Ledger and a debit entry in the relevant Principal Deficiency Sub-Ledger;
(b) any Principal Amount Outstanding due and payable in respect of the Class A Notes;
(c) any Principal Amount Outstanding due and payable in respect of the Class B Notes;
(d) any Principal Amount Outstanding due and payable in respect of the Class C Notes;
(e) any Principal Amount Outstanding due and payable in respect of the Class D Notes;
(f) any Principal Amount Outstanding due and payable in respect of the Class Z Note; and
(g) (after redemption of the Rated Notes in full) any Residual Principal Allocation Amount, such amount to be recorded as a credit entry in the Revenue Ledger.

Post-Enforcement Payments Priorities

After an Enforcement Notice is delivered by the Trustee, all monies held in the Transaction Account (other than all monies received or recovered by the Trustee which do not constitute Trust Proceeds, which monies shall be paid to or retained by the persons entitled to such monies, except for any Borrower Repayment Amounts, which shall be paid to the Collection Accounts and not to Borrowers directly) and all other Trust Proceeds shall (after deduction of all costs and expenses incurred by the Trustee in obtaining receipt or recovery of the Trust Proceeds) be held by the Trustee upon trust to be applied in payment, in the amounts required, each in the following order of priority (the “Post-Enforcement Payments Priorities”):

(a) pro rata and pari passu:
   (i) to the Trustee, the Trustee Liabilities;
   (ii) to the Trustee, all amounts of Trustee Fees due on or prior to the date of payment;
(iii) to any Receiver, any out-of-pocket expenses, liabilities, losses, damages, proceedings, claims and demands then due and payable by the Issuer to any Receiver in accordance with the Security Deed or incurred by a Receiver together with interest payable provided in the Trust Deed;

(iv) to any Receiver, all remuneration due to the Receiver in accordance with the terms of his appointment on or prior to the date of payment;

(b) *pro rata* and *pari passu*:

(i) to the Transaction Account Bank, any Transaction Account Bank Fees;

(ii) to the Agents, the Agents’ Fees due on or prior to the date of payment and the Agents’ Liabilities;

(iii) to the Cash Manager, the Cash Manager Liabilities and the Cash Manager Fees;

(iv) to the Corporate Services Provider, the Corporate Services Provider Liabilities and the Corporate Services Provider Fees;

(v) to the Master Servicer and the Sub-Servicer, the Servicing Fees and Sub-Servicing Fees due on or prior to the date of payment and the Master Servicer Liabilities and Sub-Servicer Liabilities;

(vi) to the Back-Up Servicer, any unpaid Back-Up Servicer Fees and/or Back-Up Servicer Liabilities; and

(vii) fees (other than commitment fees) and expenses accrued due and payable to a successor Master Servicer (after it has taken over as Master Servicer) agreed by the Issuer with the successor Master Servicer in relation to the successor Master Servicer’s obligations under the replacement Master Servicing Agreement;

(c) all amounts of interest due in respect of the Class A Notes;

(d) all amounts of principal due in respect of the Class A Notes;

(e) all amounts of interest due in respect of the Class B Notes (including any Deferred Interest and Additional Interest thereon);

(f) all amounts of principal due in respect of the Class B Notes;

(g) all amounts of interest due in respect of the Class C Notes (including any Deferred Interest and Additional Interest thereon);

(h) all amounts of principal due in respect of the Class C Notes;

(i) all amounts of interest due in respect of the Class D Notes (including any Deferred Interest and Additional Interest thereon);

(j) all amounts of principal due in respect of the Class D Notes;

(k) all amounts of interest due in respect of the Class Z Note (including any Deferred Interest and Additional Interest thereon);

(l) all amounts of principal due in respect of the Class Z Note; and

(m) to pay Deferred Consideration due and payable under the Mortgage Sale Agreement to the Beneficial Title Seller.
“Beneficial Title Seller Covenants” means the covenants of the Beneficial Title Seller set out in Schedule 5 (Beneficial Title Seller Covenants) to the Incorporated Terms Memorandum.

“Beneficial Title Seller Warranties” means the representations and warranties set forth in Schedule 3 (Beneficial Title Seller’s Representations and Warranties) to the Incorporated Terms Memorandum.


“Trust Proceeds” means all recoveries, receipts and benefits received by the Trustee by virtue of the Trust Property save for monies or other assets which it is entitled to retain for its own account or which are earmarked for receipt by a third party other than as part of the Trust Property.

“Trust Property” means the Covenant to Pay, the Issuer Covenants, the Beneficial Title Seller Covenants, the Issuer Warranties, the Beneficial Title Seller Warranties, the Security and all proceeds of the Security and any other rights conferred on it on behalf of the Secured Creditors under the Transaction Documents.
CREDIT ENHANCEMENT AND LIQUIDITY SUPPORT

The Notes are obligations of the Issuer only and will not be the obligations of, or the responsibility of, or guaranteed by, any other party. However, there are a number of features of the transaction which enhance the likelihood of timely receipt of payments by the Noteholders, as follows:

(a) A Revenue Shortfall on any Interest Payment Date may be reduced or eliminated by applying amounts standing to the credit of the Liquidity Ledger or Credit Ledger as applicable and, if thereafter there remains a Senior Revenue Shortfall, by applying Principal Reallocation Amounts.

(b) Principal Losses and Principal Reallocation Amounts will be debited to the sub-ledgers of the Principal Deficiency Ledger in reverse Sequential Order: first to the Class Z Principal Deficiency Sub-Ledger, second to the Class D Principal Deficiency Sub-Ledger, third to the Class C Principal Deficiency Sub-Ledger, fourth to the Class B Principal Deficiency Sub-Ledger and lastly to the Class A Principal Deficiency Sub-Ledger. Revenue Reallocation Amounts will be credited to the Principal Deficiency Sub-Ledger in accordance with the Pre-Enforcement Revenue Payments Priorities.

(c) Available Revenue Funds will be applied to replenish the General Reserve Fund.

(d) The subordination of junior ranking Notes upon enforcement.

For the purposes of this paragraph and where used elsewhere in this Prospectus:

“Principal Loss” means, in relation to any Mortgage Loan on an Interest Payment Date, the amount (if any) determined in good faith by the Master Servicer on the related Calculation Date in respect of the related Calculation Period as being the amount of a principal nature due in respect of such Mortgage Loan after the earlier of (a) completion of Arrears and Recoveries Procedures over the related Property or (b) the sale (whether by way of voluntary sale by the mortgagor or following enforcement by or on behalf of the Borrower) of the related Property.

“Sequential Order” means, in respect of payments of interest and principal to be made in respect of the Notes, first, to the Class A Notes, second, to the Class B Notes, third, to the Class C Notes, fourth, to the Class D Notes and last, to the Class Z Note.

Each of these factors and certain other factors relating to credit enhancement and/or liquidity support are considered in more detail below.

Liquidity support provided by use of General Reserve Fund and Available Principal Funds

On the Business Day falling three Business Days prior to the related Interest Payment Date, the Cash Manager will, to the extent such information is available to it, determine whether Available Revenue Funds (excluding Liquidity Reserve Drawings, General Reserve Drawings and Principal Reallocation Amounts) are sufficient to pay or provide for payment of:

(i) items (a) to (d) of the Pre-Enforcement Revenue Payments Priorities; and

(ii) items (e) and (g) or, following the redemption of the Class A Notes and the Class B Notes, items (j) and (l) of the Pre-Enforcement Revenue Payments Priorities.

To the extent that such Available Revenue Funds (excluding Liquidity Reserve Drawings, General Reserve Drawings and Principal Reallocation Amounts) are insufficient for this purpose, the Cash Manager shall, on behalf of the Issuer on the relevant Interest Payment Date, take the following actions: (i) debit the Liquidity Ledger by the lower of the amount of such shortfall and the credit balance of the Liquidity Ledger and (ii) credit the Revenue Ledger in an amount to reduce or eliminate such shortfall.
If following application of Available Revenue Funds (including Liquidity Reserve Drawings but excluding General Reserve Drawings and Principal Reallocation Amounts), the Cash Manager determines that such Available Revenue Funds (including Liquidity Reserve Drawings but excluding General Reserve Drawings and Principal Reallocation Amounts) are insufficient to satisfy:

(i) items (a) to (d) of the Pre-Enforcement Revenue Payments Priorities;
(ii) items (f), (h), (k) and (m) of the Pre-Enforcement Revenue Payments Priorities;
(iii) any Interest Amount due and payable in respect of the Most Senior Class of Rated Notes; and
(iv) any Interest Amount due and payable in respect of the Rated Notes other than the Most Senior Class of Rated Notes, provided that the debit balance on the associated Principal Deficiency Sub-Ledger of such class of Rated Notes is less than 50 per cent. of the Principal Amount Outstanding for such class of Rated Notes,

the Cash Manager shall, on behalf of the Issuer on the relevant Interest Payment Date, take the following actions: (i) debit the Credit Ledger by the lower of the amount of such shortfall and the credit balance of the Credit Ledger and (ii) credit the Revenue Ledger in an amount to reduce or eliminate such shortfall.

If following application of Available Revenue Funds (including Liquidity Reserve Drawings and General Reserve Drawings but excluding Principal Reallocation Amounts), the Cash Manager determines that such Available Revenue Funds (including Liquidity Reserve Drawings and General Reserve Drawings but excluding Principal Reallocation Amounts) are insufficient to satisfy:

(i) items (a) to (d) of the Pre-Enforcement Revenue Payments Priorities;
(ii) any Interest Amount due and payable in respect of the Most Senior Class of Rated Notes; and
(iii) any Interest Amount due and payable in respect of the Rated Notes other than the Most Senior Class of Rated Notes provided that the debit balance on the associated Principal Deficiency Sub-Ledger of such Class of Rated Notes is less than 50 per cent. of the Principal Amount Outstanding for such class of Rated Notes,

the Cash Manager shall, on behalf of the Issuer on the relevant Interest Payment Date, take the following actions: (i) debit the Principal Ledger by the lower of the amount of such shortfall and the credit balance of the Principal Ledger and (ii) credit the Revenue Ledger in an amount to reduce or eliminate such shortfall.

Principal Losses and Principal Reallocation Amounts allocated to the Principal Deficiency Ledger

For each Calculation Date, the Master Servicer will determine the amount of Principal Losses on the Mortgage Portfolio and for each Cash Manager Determination Date, the Cash Manager will determine the amount of any Principal Reallocation Amount and the Cash Manager will be required to allocate such amounts to the sub-ledgers of the Principal Deficiency Ledger.

A principal deficiency ledger (the “Principal Deficiency Ledger”), comprising 5 sub-ledgers relating to the Class A Notes (the “Class A Principal Deficiency Sub-Ledger”), the Class B Notes (the “Class B Principal Deficiency Sub-Ledger”), the Class C Notes (the “Class C Principal Deficiency Sub-Ledger”), the Class D Notes (the “Class D Principal Deficiency Sub-Ledger”) and the Class Z Note (the “Class Z Principal Deficiency Sub-Ledger”) will be established on the Closing Date in order to record (i) any Principal Losses on the Mortgage Portfolio and (ii) the application of any Principal Reallocation Amounts to meet any Revenue Shortfall.

Principal Losses and the amount of any Principal Reallocation Amounts will be recorded as a debit to the Principal Deficiency Ledger as follows:
(a) first, to the Class Z Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class Z Note;

(b) second, to the Class D Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class D Notes;

(c) third, to the Class C Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class C Notes;

(d) fourth, to the Class B Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class B Notes; and

(e) fifth, to the Class A Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class A Notes.

Available Revenue Funds on each Interest Payment Date will be applied in Sequential Order to the extent of funds available for such purpose pursuant to:

(a) item (f) of the Pre-Enforcement Revenue Payments Priorities to credit the Class A Principal Deficiency Sub-Ledger to reduce the debit balance to zero;

(b) item (h) of the Pre-Enforcement Revenue Payments Priorities to credit the Class B Principal Deficiency Sub-Ledger to reduce the debit balance to zero;

(c) item (k) of the Pre-Enforcement Revenue Payments Priorities to credit the Class C Principal Deficiency Sub-Ledger to reduce the debit balance to zero;

(d) item (m) of the Pre-Enforcement Revenue Payments Priorities to credit the Class D Principal Deficiency Sub-Ledger to reduce the debit balance to zero; and

(e) item (o) of the Pre-Enforcement Revenue Payments Priorities to credit the Class Z Principal Deficiency Sub-Ledger to reduce the debit balance to zero.

Available Revenue Funds allocated as described above will be applied in or towards redemption of the Notes as Available Principal Funds in accordance with the Pre-Enforcement Principal Payments Priorities.

Source of funds to establish and replenish the General Reserve Fund

The proceeds from the issuance of Class Z Note will be used by the Issuer to initially fund the General Reserve Fund on the Closing Date.

The General Reserve Fund will initially be funded in an amount equal to £5,189,292.37 which is approximately 3 per cent. of the aggregate Current Balance of the Mortgage Portfolio as at the Cut-Off Date. Thereafter, the General Reserve Fund will be funded in accordance with the Pre-Enforcement Revenue Payments Priorities from Available Revenue Funds to the level of the General Reserve Fund Target Amount. Accordingly, the size of the General Reserve Fund may decrease (or increase) from time to time, as further described in this section below.

The Cash Manager will also maintain the Liquidity Ledger and the Credit Ledger to record the balance from time to time of the General Reserve Fund and the monies representing the General Reserve Fund will be held in the Transaction Account.

The amount of the General Reserve Fund, which is represented by the credit balance of the Liquidity Ledger and/or Credit Ledger, may increase and decrease over time.

The amount of the General Reserve Fund may decrease by virtue of debit entries to the Liquidity Ledger and/or Credit Ledger to increase Available Revenue Funds to reduce or eliminate any Revenue Shortfall. For
details of the required balance of the General Reserve Fund, see the definition of “General Reserve Fund Target Amount” in the section entitled “Terms and Conditions of the Notes” below.

Following the earlier of the redemption of the Rated Notes in full or the occurrence of an Optional Portfolio Purchase, the Issuer shall not be required to maintain the General Reserve Fund Target Amount and the General Reserve Fund Target Amount shall be reduced to zero, in which case, all amounts standing to the credit of the Liquidity Ledger and Credit Ledger shall be: (i) (in the event that the Rated Notes are redeemed in full) credited to the Revenue Ledger and applied as Available Revenue Funds in accordance with the Pre-Enforcement Revenue Payments Priorities or (ii) (upon the occurrence of an Optional Portfolio Purchase) credited to the Principal Ledger and applied as Available Principal Funds in accordance with the Pre-Enforcement Principal Payments Priorities.

The amount of the General Reserve Fund may increase on each Interest Payment Date to the extent that Available Revenue Funds are available to replenish the General Reserve Fund at item (n) of the Pre-Enforcement Revenue Payments Priorities but only to the extent necessary to bring the credit balance of the Credit Ledger and Liquidity Ledger up to an amount equal to the General Reserve Fund Target Amount.

**Residual Principal Allocation Amount**

Following the redemption of the Rated Notes, any Residual Principal Allocation Amount shall be credited to the Revenue Ledger and applied, as Available Revenue Funds, to the Pre-Enforcement Revenue Payments Priorities. Accordingly any such funds remaining, after payment of any expenses due and payable and set out in the Pre-Enforcement Revenue Payments Priorities, will be applied in payment of the Deferred Consideration to the Beneficial Title Seller.
MATURITY AND PREPAYMENT CONSIDERATIONS

The term “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 repayment of the Mortgage Loans in the Mortgage Portfolio.

The model used in this Prospectus for the Mortgage Loans represents an assumed constant per annum rate of prepayment (“CPR”) each month relative to the then current principal balance of a pool of mortgages, after taking into account the scheduled payments due in the period. CPR does not purport to be either an historical description of the prepayment experience of any pool of loans or a prediction of the expected rate of prepayment of any Mortgage Loans, including the Mortgages to be included in the Mortgage Portfolio.

The following tables were prepared based on the characteristics of the Mortgage Loans included in the Mortgage Portfolio and the following additional assumptions (the “Modelling Assumptions”):

(a) the portfolio of £172,976,412.17 mortgages to be purchased by the Issuer consists of Mortgage Loans acquired on the Closing Date, having the characteristics of the Provisional Mortgage Pool;

(b) the Issuer exercises its rights to redeem all (but not some only) of the Notes then outstanding on the Optional Redemption Date assuming the option is exercised as indicated in the heading of the relevant table below or on the Interest Payment Date on which the aggregate Principal Amount Outstanding of all of the Notes is less than 10 per cent. of the aggregate initial Principal Amount Outstanding of the Notes assuming the option is not exercised;

(c) in addition to the scheduled payments derived from the Mortgage Loans detailed in paragraph (a) above, the Mortgage Loans are subject to prepayments at annualised rates expressed as a percentage of the Current Balance of the Mortgage Loans (“CPR”) indicated in the relevant column headings in the table below;

(d) no Enforcement Notice is delivered in relation to the Notes and no Event of Default occurs in relation to the Notes;

(e) there are no Redraws or Payment Holidays in respect of the Mortgage Loans;

(f) the Mortgage Loans continue to be fully performing;

(g) no principal deficiency arises;

(h) there have been no breaches of the Asset Warranties;

(i) the portfolio composition of mortgage characteristics remains the same throughout the life of the Notes;

(j) the Notes will be redeemed in accordance with the Conditions;

(k) the benchmark interest rates remain flat at the following values: three-month GBP LIBOR: 0.50 per cent., standard variable rate in respect of Mortgage Loans: 5.25 per cent;

(l) the Closing Date is 26 September 2014; and

(m) the ratios of the initial Principal Amount Outstanding of each class of Notes to the aggregate initial Principal Amount Outstanding of the Notes is the following: Class A Notes: 71.79 per cent., Class B Notes: 6.19 per cent., Class C Notes: 7.00 per cent; Class D Notes: 4.47 per cent.; Class Z Notes: 13.55 per cent. where the Class Z Notes also funds the General Reserve.
The actual characteristics and performance of the Mortgage Loans are likely to differ from these assumptions. The following tables are hypothetical in nature and are provided only to give a general sense of how the principal cash flows might behave under varying prepayment scenarios. For example, it is not expected that the Mortgage Loans will prepay at a constant rate until maturity, that all of the Mortgage Loans will prepay at the same rate or that there will be no defaults or delinquencies on the Mortgage Loans. Moreover, the diverse remaining terms to maturity and mortgage rates of the Mortgage Loans could produce slower or faster principal distributions than indicated in the tables at the various percentages of CPR specified, even if the weighted average remaining term to maturity and weighted average mortgage rates of the Mortgage Loans are as assumed. Any difference between such assumptions and the actual characteristics and performance of the Mortgage Loans, or actual prepayment of loss experience, will affect the percentage of the initial amount outstanding of the Notes which are outstanding over time and 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 CPR.

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

Subject to the foregoing discussion and assumptions, the following tables indicate the weighted average lives of the Notes. These average lives have been calculated on an 30/360 fixed basis:

<table>
<thead>
<tr>
<th>Class/CPR</th>
<th>Without any Early Redemption</th>
<th>With Early Redemption on the First Optional Redemption Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0%</td>
<td>5%</td>
</tr>
<tr>
<td>A</td>
<td>10.64</td>
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</tr>
<tr>
<td>B</td>
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<td>13.97</td>
</tr>
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<td>D</td>
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<td>17.40</td>
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<tr>
<td>Z</td>
<td>19.08</td>
<td>18.75</td>
</tr>
</tbody>
</table>
EARLY REDEMPTION OF NOTES

Portfolio Option

The Issuer will, by the Deed Poll, grant to the Beneficial Title Seller (the “Portfolio Option Holder”) an option (the “Portfolio Option”) to require the Issuer to (a) sell to the Portfolio Option Holder the beneficial title to all Mortgage Loans and Related Security in the Mortgage Portfolio and (b) transfer to the Portfolio Option Holder the right to have the legal title to all Mortgage Loans and Related Security in the Mortgage Portfolio transferred to it.

The Portfolio Option may be exercised by notice to the Issuer with a copy to the Trustee at any time in the period from the Business Day falling 15 Business Days prior to an Optional Redemption Date until such Optional Redemption Date. Completion of the purchase by the Portfolio Option Holder will occur on the Business Day falling five Business Days prior to the next Interest Payment Date to occur after the exercise date, provided that, if the Portfolio Option is exercised later than 10 Business Days prior to the next Interest Payment Date, the completion date shall occur on the Business Day falling five Business Days prior to the second Interest Payment Date to occur after the date of exercise (the “Optional Portfolio Purchase Completion Date”). The Issuer shall cause the exercise of the Portfolio Option to be notified to the Noteholders and the other Secured Creditors in accordance with the Notices Condition as soon as practicable after receipt of the notice to exercise the Portfolio Option by the Portfolio Option Holder.

The purchase price for the Mortgage Portfolio under the Portfolio Option shall be the higher of (i) the aggregate market value of the Mortgage Portfolio as at the Optional Portfolio Purchase Completion Date, and (ii) an amount equal to the aggregate Principal Amount Outstanding of the Notes as at the Optional Portfolio Purchase Completion Date plus accrued but unpaid interest thereon up to and including the Optional Portfolio Purchase Completion Date, together with any payments due from the Issuer in respect of items ranking in priority to or pari passu with the Notes (including interest and principal due and payable in respect of the Notes) pursuant to the applicable Payments Priorities on the Interest Payment Date immediately following the Optional Portfolio Purchase Completion Date less the credit balance of the General Reserve Fund.

Redemption of Notes

Upon sale of the Mortgage Portfolio, that part of the purchase price constituting Revenue Receipts shall be applied in accordance with the Pre-Enforcement Revenue Payments Priorities on the relevant Interest Payment Date. That part of the purchase price constituting Principal Receipts shall be applied in accordance with the Pre-Enforcement Principal Payments Priorities on the relevant Interest Payment Date, and will result in the Notes being redeemed in full.

Upon the occurrence of an Optional Portfolio Purchase, the General Reserve Fund Target Amount shall be reduced to zero and the entire credit balance of the General Reserve Fund shall constitute Available Principal Funds, to be applied to repay the Notes.

Following redemption of the Rated Notes in full, the Residual Principal Allocation Amount will be credited to the Revenue Ledger and may be applied, together with Revenue Receipts, in payment to the Beneficial Title Seller as Deferred Consideration in accordance with the Pre-Enforcement Revenue Payments Priorities.
SECURITY FOR THE ISSUER’S OBLIGATIONS

Security Deed

Under the terms of the Security Deed, the Issuer will grant the following security to be held by the Trustee for itself and on trust for the benefit of the other Secured Creditors (which definition includes the Noteholders):

(a) an assignment of the benefit of the Issuer in each Mortgage Loan, Mortgage and other Related Security relating to such Mortgage Loan, each Mortgage Condition and all Receivables;

(b) an assignment of rights held by the Issuer against certain third parties;

(c) a first fixed charge of the benefit of any bank or other accounts of the Issuer in which the Issuer may at any time have or acquire any benefit;

(d) assignment of the benefit of the Issuer under each relevant Transaction Document to which the Issuer is a party (other than the Trust Documents and the Subscription Agreement), including:

   (i) the Agency Agreement;

   (ii) the Cash Management Agreement;

   (iii) the Collection Account Declaration of Trust;

   (iv) the Corporate Services Agreement;

   (v) the Mortgage Sale Agreement;

   (vi) the Master Servicing Agreement;

   (vii) the Back-Up Servicing Agreement;

   (viii) the Transaction Account Agreement; and

(e) a first floating charge over all the assets and undertakings of the Issuer to the extent not effectively charged pursuant to paragraphs (a) to (d) above.

Collection Account Declaration of Trust

The Collection Accounts are bank accounts held by the Sub-Servicer with the Collection Account Bank and are the bank accounts to which payments of Principal Collections and Revenue Collections are directed.

On the Closing Date, the Collection Accounts will be held by the Sub-Servicer with Barclays Bank PLC. The Sub-Servicer will, on or about the Closing Date, declare a trust over the Collection Accounts in favour of the Issuer absolutely.

Upon the termination of Capital Home Loans as the Sub-Servicer, the Collection Accounts will be transferred to a bank account held by the Master Servicer or the then current Legal Title Holder (as applicable) with a new Collection Account Bank. Upon such transfer, payments of Principal Collections and Revenue Collections will be directed to such new Collection Accounts. The Master Servicer will, or will procure that the Replacement Legal Title Holder will, after the termination of Capital Home Loans Limited as the Sub-Servicer and the subsequent transfer of the Collection Accounts to a new Collection Account Bank, declare a trust over the new Collection Accounts in favour of the Issuer on terms substantially similar to those contained in the original Collection Account Declaration of Trust.
On the Closing Date, the Servicer Expense Account will be held by the Sub-Servicer with Barclays Bank PLC. The Servicer Expense Account will be pre-funded to a minimum level of £30,000 to cover the expenses of the Sub-Servicer. The Sub-Servicer will, on or about the Closing Date, declare a trust over the Servicer Expense Account pursuant to the Collection Account Declaration of Trust in favour of the Sub-Servicer (in relation to the amounts to which the Servicer is entitled to withdraw pursuant to the Sub-Servicing Agreement) and in favour of the Issuer (in relation to the remaining amount in the Servicer Expense Account).

Post-Enforcement Payments Priorities

The Security Deed sets out the order of priority for the application of cash following the service of an Enforcement Notice by or on behalf of the Trustee (or a receiver of the Issuer appointed by the Trustee pursuant to the Security Deed). This order of priority is described in the section entitled “Cashflows”.

Enforcement

The Security shall only become enforceable on the service of an Enforcement Notice pursuant to Condition 12 (Events of Default). The Security Deed will set out the procedures by which the Trustee may take steps to enforce the Security.

No withdrawals from Charged Accounts

From and including the date on which the Trustee delivers a notice substantially in the form set out in Schedule 1 to the Security Deed (a “Security Protection Notice”) to the Issuer pursuant to the Security Deed or the floating charge created by the Issuer under the Security Deed otherwise crystallises into a fixed charge pursuant to the Security Deed and unless and until such Security Protection Notice is withdrawn or the relevant fixed charge is otherwise reconverted into a floating charge, no amount may be withdrawn from the Transaction Account (or any other account over which the Issuer has created Security in favour of the Trustee) without the prior written consent of the Trustee, provided that, unless an Enforcement Notice has been delivered, the Trustee shall not act in such a way as to require any payment other than in accordance with the Pre-Enforcement Payments Priorities or the Cash Management Agreement.

Application of monies standing to Reserve Ledgers

After an Enforcement Notice is delivered by the Trustee, all monies standing to the credit of the Liquidity Ledger and Credit Ledger shall be applied in payment of the amount required in the order of priority specified in the Post-Enforcement Payments Priorities.

Governing Law

The Security Deed and any non-contractual obligation arising out of or in relation to the Security Deed will be governed by English law.
THE TRUST DEED

The Issuer and the Trustee will enter into a Trust Deed on the Closing Date. The Trust Deed will contain the forms of the Notes. Under the Trust Deed, the Issuer will covenant to the Trustee to pay all amounts due under the Notes. The Trustee will hold the benefit of the Issuer’s covenant to pay on trust for the Noteholders.

Conflicts / Relationship with Noteholders

The Trust Deed will provide that, except where expressly provided otherwise, where the Trustee is required to have regard to the interests of the Noteholders, the Trustee shall have regard to the interests of all the Noteholders equally, and in the event of a conflict of interests of holders of different classes, the Trustee shall have regard only to the interests of the holders of the Most Senior Class of Notes then outstanding.

The Trustee shall not be bound to take any action in relation to the Notes or the Transaction Documents, including delivering an Enforcement Notice, unless it has been directed to do so either by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding or in writing by the holders of more than 25 per cent. of the Principal Amount Outstanding of the Most Senior Class of Notes then outstanding.

The Trustee is not obliged to take any action unless it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all liabilities, proceedings, claims, demands, costs, charges and expenses to which it may thereby become liable or which may be incurred by it in connection therewith.

Modification and waiver

The Trust Deed provides that, without the consent or sanction of the Noteholders or any of the other Secured Creditors, the Trustee may at any time and from time to time:

(a) agree with the Issuer and any other relevant parties in making any modification to the Conditions, the Trust Documents, the Notes or the Transaction Documents in relation to which its consent is required:

(i) which in the opinion of the Trustee is made to correct a manifest error or is of a formal, minor or technical nature; or

(ii) (other than in respect of a Reserved Matter or any provision of the Trust Documents referred to in the definition of Reserved Matter) which, in the opinion of the Trustee, will not be materially prejudicial to the interests of the holders of the Most Senior Class of Notes;

(b) in its sole discretion concur with the Issuer or any other relevant parties in authorising or waiving any breach or proposed breach of the covenants or provisions contained in the Trust Documents, the Instruments or any other Transaction Documents (other than in respect of a Reserved Matter or any provision of the Trust Documents referred to in the definition of Reserved Matter), if in the Trustee’s sole opinion, the interests of the holders of the Most Senior Class of Notes will not be materially prejudiced thereby; and

(c) in its sole discretion determine that any Event of Default or Potential Event of Default shall not be treated as such if, in the Trustee’s sole opinion, the interests of the holders of the Most Senior Class of Notes will not be materially prejudiced thereby,

provided always that the Trustee shall not exercise any powers under paragraphs (a), (b) or (c) in contravention of any express direction given by an Extraordinary Resolution of the Most Senior Class of Notes then outstanding, or by a request in writing of the holders of more than 25 per cent. in aggregate
Principal Amount Outstanding of the Most Senior Class of Notes then outstanding (but no such direction or request shall affect any modification, waiver, authorisation or determination previously given or made). The Trustee shall not authorise or waive any such proposed breach or breach relating to a Reserved Matter unless the Noteholders have, by Extraordinary Resolution, so authorised its exercise.

Unless the Trustee otherwise agrees, the Issuer shall cause any such modification, waiver, authorisation or determination to be notified to the Noteholders and the other Secured Creditors in accordance with the Notices Condition and the Transaction Documents as soon as practicable thereafter.

**Fees and expenses**

The Issuer will reimburse the Trustee for all costs and expenses incurred in acting as Trustee. In addition, the Issuer shall pay to the Trustee a fee of such amount and on such dates as will be agreed from time to time by the Trustee and the Issuer subject to and in accordance with the Trust Deed.

**Retirement and removal**

The Trustee may retire after giving not less than two calendar months’ notice in writing to the Issuer. The Most Senior Class of Notes then outstanding may by an Extraordinary Resolution remove the Trustee.

The retirement or removal of the Trustee shall not become effective unless there remains at least one trustee under the Trust Deed and the Issuer will covenant in the Trust Deed to use its best endeavours to procure the appointment of a new Trustee after the resignation or removal of the existing Trustee. If the Issuer has failed to appoint a replacement Trustee prior to the expiry of the notice period given by the Trustee, the outgoing Trustee will be entitled to nominate a successor which shall be approved by an Extraordinary Resolution of the Most Senior Class of Notes then outstanding. The Rating Agencies shall be notified by the Issuer of such appointment.

**Governing Law**

The Trust Deed and any non-contractual obligation arising out of or in relation to the Trust Deed will be governed by English law.
DESCRIPTION OF THE GLOBAL NOTES

General

Each class of Rated Notes shall be initially represented by a temporary global note in bearer form, without coupons or talons (each a “Temporary Global Note”) (a) in the case of the Class A Notes, in the principal amount of £124,200,000, (b) in the case of the Class B Notes, in the principal amount of £10,700,000, (c) in the case of the Class C Notes, in the principal amount of £12,100,000 and (d) in the case of the Class D Notes, in the principal amount of £7,900,000. Each Temporary Global Note will be deposited on or around the Closing Date with a common depositary (the “Common Depositary”) for Euroclear Bank SA / NV (“Euroclear”) and Clearstream Banking, societé anonyme (“Clearstream, Luxembourg” and together with Euroclear, the “Clearing Systems”).

Upon confirmation by the Common Depositary that it has custody of the Temporary Global Notes, Euroclear or Clearstream, Luxembourg, as the case may be, will record the beneficial interests in the Temporary Global Notes (“Book-Entry Interests”) representing beneficial interests in the Notes attributable thereto.

Interests in each Temporary Global Note will be exchangeable (provided certification of non-U.S. beneficial ownership by the Noteholders has been received) not earlier than 40 days after the issue date of the relevant Notes (the “Exchange Date”) for interests in a permanent global note (each a “Permanent Global Note” and together with the Temporary Global Notes, the “Global Notes”), in bearer form, without coupons or talons, in the principal amount of the Notes of the relevant class. No payments of principal, interest or any other amounts payable in respect of the Notes will be made under the Temporary Global Notes unless exchange for interests in the relevant Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Book-Entry Interests in respect of the relevant Rated Notes are recorded in denominations of £100,000 and integral multiples of £1,000 in excess thereof. Ownership of Book-Entry Interests will be limited to persons that have accounts with Euroclear or Clearstream, Luxembourg (“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 will 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, as applicable, will credit the Participants’ accounts with the respective Book-Entry Interests beneficially owned by such Participants on each of their respective book-entry registration and transfer systems. The accounts initially credited will be designated by the Lead Manager. 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). 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 the Common Depositary holds the Global Note underlying the Book-Entry Interests, it will be considered the sole Noteholder of the Notes represented by that Global Note for all purposes under the Trust Deed. Except as set forth under “Description of the Global Notes - Issuance of Definitive Notes”, below, Participants or Indirect Participants will not receive or be entitled to receive physical delivery of Notes in definitive 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 “Description of the Global Notes - Action in Respect of the Global Notes 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 Conditions, holders of Book-Entry Interests will be restricted to acting through Euroclear or Clearstream, Luxembourg unless and until Definitive Notes are issued in accordance with the Conditions. There can be no assurance that the procedures to be implemented by Euroclear and 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 are exchanged for Definitive Notes, the Notes held by the Common Depositary may not be transferred except as a whole by that Common Depositary to a successor of the Common Depositary.

Purchasers of Book-Entry Interests in a Note will hold Book-Entry Interests in the Notes relating thereto. Investors may hold their Book-Entry Interests in respect of a Note directly through Euroclear or Clearstream, Luxembourg (in accordance with the provisions set forth in the section entitled “Transfers and Transfer Restrictions”, below), 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 Note on behalf of their account holders through securities accounts in the respective account holders’ names on Euroclear’s and Clearstream, Luxembourg’s respective book-entry registration and transfer systems.

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

**Issuance of Definitive Notes**

Each of the Permanent Global Notes will become exchangeable in whole, but not in part, for Definitive Notes in denominations of £100,000, or above £100,000 in increments of £1,000 at the request of the bearer of the relevant Permanent Global Note against presentation and surrender of such Permanent Global Note to the Principal Paying Agent if is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so (an “Exchange Event”).

Whenever a Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons (as defined in the Conditions) attached, in an aggregate principal amount equal to the principal amount of the relevant Permanent Global Note to the bearer of such Permanent Global Note against the surrender of such Permanent Global Note at the Specified Office (as defined in the Conditions) of the Principal Paying Agent within 30 days of the occurrence of the relevant Exchange Event.
Payments on Global Notes

All payments in respect of each Temporary Global Note and each Permanent Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the relevant Temporary Global Note or (as the case may be) the relevant Permanent Global Note at the Specified Office of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes.

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 nominee in respect of those Book-Entry Interests. All such payments will be distributed without deduction or withholding for any taxes, duties, assessments or other governmental charges of whatever nature except as may be required by law. If any such deduction or withholding is required to be made, then neither the Issuer, the Principal Paying Agent nor any other person will be obliged to pay additional amounts in respect thereof.

In accordance with the rules and procedures for the time being of Euroclear or, as the case may be, Clearstream, Luxembourg, after receipt of any payment from the Principal Paying Agent to the Common Depositary, 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. The Issuer expects that payments by Participants to owners of interests in Book-Entry Interests held through such Participants or Indirect Participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form, and will be the responsibility of such Participants or Indirect Participants. None of the Issuer, any agent of the Issuer, the Lead Manager 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.

Information Regarding Euroclear and Clearstream, Luxembourg

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

- Euroclear and Clearstream, Luxembourg each hold securities for their account holders and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders, thereby eliminating the need for physical movements of certificates and any risk from lack of simultaneous transfers of securities.

- Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing.

- Euroclear and Clearstream, Luxembourg each also deal with domestic securities markets in several countries through established depositary and custodial relationships. The respective systems of Euroclear and of Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective account holders may settle trades with each other.

- Account holders in both Euroclear and Clearstream, Luxembourg are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to both Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.
An account holder’s overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under such rules and operating procedures only on behalf of their respective account holders, and have no record of or relationship with persons holding through their respective account holders.

The Issuer understands that under existing industry practices, if any of the Issuer or the Trustee requests any action of owners of Book-Entry Interests or if an owner of a Book-Entry Interest desires to give instructions or take any action that a holder is entitled to give or take under the Trust Deed or the Security Deed, Euroclear or Clearstream, Luxembourg as the case may be, would authorise the Participants owning the relevant Book-Entry Interests to give instructions or take such action, and such Participants would authorise Indirect Participants to give or take such action or would otherwise act upon the instructions of such Indirect Participants.

**Redemption**

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

**Cancellation**

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

**Transfers and Transfer Restrictions**

All transfers of 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 entitled “Description of the Global Notes - General” above).

Beneficial interests in the Global Notes may be held only through Euroclear or Clearstream, Luxembourg. The Global Notes will bear a legend substantially identical to that appearing under “Transfer Restrictions and Investor Representations”, below and neither the Global Notes nor any beneficial interest therein may be transferred except in compliance with the transfer restrictions set forth in the legend appearing in the Global Notes.

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

Not later than 10 days after receipt by the Issuer of any notice in respect of the Notes or any notice of solicitation of consents or requests for a waiver or other action by the holder of the 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 Notes 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 Book-Entry Interests or the Notes in accordance with any instructions set forth in such request. Euroclear or Clearstream, Luxembourg are expected to follow the procedures described under the section entitled “Description of the Global Notes - General” above, with respect to soliciting instructions from their respective Participants.

Notices

In respect of the Rated Notes, so long as the Rated Notes are represented by the Global Note and the Global Note is held on behalf of Euroclear or Clearstream, Luxembourg, notices to the relevant Noteholders may be given by delivery of the relevant notice to the relevant clearing system for communication by it to entitled accountholders or by publishing the notice on a Relevant Screen and, so long as the Rated Notes are listed on the Stock Exchange, notices in respect of such Rated Notes shall also be published in any other way as the rules of the Stock Exchange require (see also Condition 21 (Notices)).

In respect of the Class Z Note, notices to the Class Z Noteholder will be sent by the Issuer to the fax number or email address of the Class Z Noteholder notified to the Issuer from time to time in writing (see also Condition 21 (Notices)).

Meetings of Noteholders

The holder of a Global Note will be deemed to be two persons for the purpose of forming a quorum at a meeting of Noteholders.

Written Resolution and Electronic Consent

For so long as all the outstanding Notes are represented by the Temporary Global Notes and/or the Permanent Global Notes and held within the Clearing Systems, then, in respect of any resolution proposed by the Issuer or the Trustee (i) where the terms of the proposed resolution have been notified to the Noteholders through the relevant Clearing Systems, each of the Issuer and the Trustee shall be entitled to rely upon approval of such resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant Clearing Systems in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. of the aggregate Principal Amount Outstanding of the relevant class or classes of Notes then outstanding (“Electronic Consent”) by the close of business on the relevant day and (ii) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution has been validly passed, each of the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, by accountholders in the Clearing System with entitlements to such Global Note and/or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries and provided that, in each case, the Issuer and the Trustee have obtained commercially reasonable evidence to ascertain the validity of such holding and have taken reasonable steps (which may include requiring accountholders to block their holding in the relevant Clearing System) to ensure that such holding does not
alter following the giving of such consent or instruction and prior to the effecting or implementation of such consent or instruction. Any resolution passed in such manner shall be binding on all Noteholders of such class or classes and upon all Couponholders of such class or classes, even if the relevant consent or instruction proves to be defective.

As used in the foregoing paragraph, “commercially reasonable evidence” includes any certificate or other document and/or issued by the relevant Clearing System, and/or issued by an accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Notes. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear’s EUCLID or Clearstream, Luxembourg’s Creation Online system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither the Issuer nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

A Written Resolution and/or Electronic Consent shall take effect and will be binding on Noteholders and Couponholders (whether or not they participated in such Written Resolution and/or Electronic Consent) as if they were an Extraordinary Resolution.

An Electronic Consent or Written Resolution shall take effect as an Extraordinary Resolution.

**Class Z Note**

The Class Z Note will be issued in definitive registered form and a certificate evidencing entitlement to the Class Z Note will be issued. The Issuer will maintain a register, to be kept on the Issuer’s behalf by the Class Z Note Registrar, in which the Class Z Note will be registered in the name of the Class Z Noteholder. Transfers of the Class Z Note may be made only through the register maintained by the Issuer.
TERMS AND CONDITIONS OF THE NOTES

1 General

1.1 The Issuer has agreed to issue the Notes subject to and with the benefit of the terms of the Trust Deed.

1.2 The Agency Agreement records certain arrangements in relation to the payment of interest and principal in respect of the Notes.

1.3 Certain provisions of these Conditions are summaries of the Trust Documents and the Agency Agreement and are subject to their detailed provisions.

1.4 The Noteholders are bound by the terms of the Trust Documents, and are deemed to have notice of all the provisions of the Transaction Documents.

1.5 Copies of the Transaction Documents (excluding any schedules containing personal information) are available for inspection by Noteholders during normal business hours at the registered office of the Issuer, the initial registered office of which is set out below.

2 Definitions

2.1 In these Conditions and where used elsewhere in this Prospectus, the following defined terms have the meanings set out below:

“Account Details” means the details of each of the Accounts which are set out in Schedule 8 (Account Details) of the Incorporated Terms Memorandum;

“Accounts” means, together or in combination, the Collection Accounts, the Servicer Expense Account, the Transaction Account and any Additional Account, each an “Account”;

“Additional Account” means any further bank accounts opened by the Issuer with the Transaction Account Bank;

“Agency Agreement” means the agreement so named dated on or about the Closing Date between the Issuer, the Agents and the Trustee;

“Agent Bank” means Deutsche Bank AG, London Branch in its capacity as agent bank in accordance with the terms of the Agency Agreement, together with any successor agent bank appointed pursuant to the Agency Agreement from time to time;

“Agents” means the Agent Bank, the Paying Agents and the Class Z Note Registrar and “Agent” means any one of them;

“Arrears and Recoveries 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 his Mortgage Loan or Related Security in accordance with the Collections Procedures;

“Arrears of Interest” means, in relation to a Mortgage Loan, at any date, interest which has become due and payable but remains unpaid as at that date (excluding any interest that has been capitalised);

“Asset Warranties” means the asset warranties given by the Beneficial Title Seller to the Issuer in Schedule 1 (Asset Warranties) of the Mortgage Sale Agreement and “Asset Warranty” means any of them;
“Asset Warranty Claim” means any claim for a breach of Asset Warranty made by the Issuer against the Beneficial Title Seller under the terms of the Mortgage Sale Agreement;

“Available Principal Funds” means in relation to an Interest Payment Date, the amount calculated as at the related Calculation Date equal to the amount by which (a) exceeds (b) where:

(a) is the aggregate of:

(i) the Principal Receipts received by the Issuer during the related Calculation Period;

(ii) the Revenue Reallocation Amount (if any) to be entered as a credit entry on the Principal Ledger on such Interest Payment Date;

(iii) (if applicable) the proceeds of the issue of the Notes (to the extent any such amounts stand to the credit of the Transaction Account as at the relevant Calculation Date);

(iv) (upon the occurrence of an Optional Portfolio Purchase) all amounts standing to the credit of the General Reserve Fund to be recorded as a credit entry on the Principal Ledger on such Interest Payment Date; and

(b) is the aggregate of any amounts which the Cash Manager may have debited to the Principal Ledger during the related Calculation Period pursuant to Paragraph 2 (Payments from Principal Ledger on any Business Day) of Part 3 of Schedule 1 of the Cash Management Agreement.

“Available Redemption Funds” means in relation to an Interest Payment Date, the amount calculated as at the related Calculation Date equal to the amount by which (a) exceeds (b) where:

(a) is the aggregate of the Available Principal Funds for that Calculation Period; and

(b) is the sum of Principal Reallocation Amounts to be recorded as a credit entry on the Revenue Ledger on such Interest Payment Date;

“Available Revenue Funds” means, in relation to a Calculation Period, the aggregate of:

(a) all Revenue Receipts received during such Calculation Period;

(b) (prior to the occurrence of an Optional Portfolio Purchase) the Principal Reallocation Amount (if any) to be recorded as a credit entry on the Revenue Ledger on the Interest Payment Date following such Calculation Period;

(c) (prior to the occurrence of an Optional Portfolio Purchase) General Reserve Drawings to be recorded as a credit entry on the Revenue Ledger on the Interest Payment Date following such Calculation Period;

(d) (prior to the occurrence of an Optional Portfolio Purchase) Liquidity Reserve Drawings to be recorded as a credit entry on the Revenue Ledger on the Interest Payment Date following such Calculation Period;

(e) (upon the redemption in full of the Rated Notes prior to the occurrence of an Optional Portfolio Purchase) all amounts standing to the credit of the General Reserve Fund;

(f) any interest earned during such Calculation Period on amounts in the Transaction Account and credited to such account; and

(g) (upon the redemption in full of the Rated Notes) any amount transferred from the Principal Ledger in respect of Residual Principal Allocation Amounts,
(h) less any amounts which the Cash Manager may have debited to the Revenue Ledger during that Calculation Period pursuant to Paragraph 1 (Payments from Revenue Ledger on any Business Day) of Part 3 of Schedule 1 of the Cash Management Agreement;

“Back-Up Servicer” means Homeloan Management Limited in its capacity as back-up servicer in accordance with the terms of the Back-Up Servicing Agreement;

“Back-Up Servicing Agreement” means a back-up servicing agreement to be entered into between, among others, the Issuer and the Back-Up Servicer on or about the Closing Date;

“Beneficial Title Seller” means RESIMAC Home Loans (UK) Limited, a private limited company incorporated under the laws of England and Wales (registered number 08783934) with its registered office at c/o Hackwood Secretaries Limited, One Silk Street, London EC2Y 8HQ;

“Beneficial Title Seller Power of Attorney” means the power of attorney granted by the Beneficial Title Seller on or about the Closing Date in favour of the Issuer and the Trustee, substantially in the form set out in Part 2 (Form of Beneficial Title Seller Power of Attorney) of Schedule 4 of the Mortgage Sale Agreement;

“Borrower” means, in relation to a Mortgage Loan, the person or persons named as such in the relevant Mortgage Loan, Mortgage or Mortgage Conditions and to whom such Mortgage Loan is advanced together with any person or persons from time to time (including where applicable as guarantor or otherwise as surety) assuming the obligations of any borrower to repay such Mortgage Loan or any part of it;

“Breach of Duty” means, in relation to any person, gross negligence, wilful default or fraud by such person;

“Business Day” means a day on which commercial banks and foreign exchange markets settle payments in London;

“Buy to Let Loan” means any Mortgage Loan which is not a Regulated Mortgage Contract and which is secured by non-owner occupied freehold or leasehold Properties;

“Calculation Date” means in relation to an Interest Payment Date, the first calendar day of each of January, April, July and October in each year (or, if such day is not a Business Day, the next Business Day), or, in the case of the first Calculation Date, 1 January 2015, and in relation to any Interest Payment Date, the “related Calculation Date” means, unless the context otherwise requires, the Calculation Date immediately preceding such Interest Payment Date;

“Calculation Period” means each three month period ending on the last calendar day of December, March, June, and September in each year (or in respect of the first Calculation Period, the period from and including the Closing Date to and including the last calendar day of December 2014) and, in relation to an Interest Payment Date, the “related Calculation Period” means, unless the context otherwise requires, the Calculation Period ending immediately prior to the related Calculation Date;

“Cash Management Agreement” means the agreement so named dated on or about the Closing Date between the Issuer, the Cash Manager and the Trustee;

“Cash Manager” means Deutsche Bank AG, London Branch in its capacity as cash manager under the Cash Management Agreement or any successor Cash Manager appointed from time to time;

“Cash Manager Determination Date” means the Business Day falling three Business Days prior to the related Interest Payment Date;
“Certificate” means the certificate evidencing the Class Z Note;

“Charged Property” means all the property, rights and assets of the Issuer which is subject to the Security;

“Class A Noteholders” means the persons who for the time being are holders of the Class A Notes;

“Class A Notes” means the £124,200,000 Class A Mortgage Backed Floating Rate Notes due 2045 issued or due to be issued by the Issuer on the Closing Date or, as the case may be, a specific number thereof, whether represented by Definitive Notes or Global Notes;

“Class A Principal Deficiency Sub-Ledger” means the sub-ledger of the Principal Deficiency Ledger applicable to the Class A Notes created in accordance with the Cash Management Agreement;

“Class A Revenue Reallocation Amount” means in relation to any Interest Payment Date, the amount determined as at the related Calculation Date in accordance with the provisions of the Cash Management Agreement, being the lesser of (a) the debit balance on the Class A Principal Deficiency Sub-Ledger as at such Calculation Date and (b) the amount of Available Revenue Funds (excluding any Principal Reallocation Amount and Liquidity Reserve Drawings) available to the Issuer in the Revenue Ledger as at such Calculation Date after payment of the amounts determined in accordance with items (a) to (e) of the Pre-Enforcement Revenue Payments Priorities;

“Class B Noteholders” means the persons who for the time being are holders of the Class B Notes;

“Class B Notes” means the £10,700,000 Class B Mortgage Backed Floating Rate Notes due 2045 issued or due to be issued by the Issuer on the Closing Date or, as the case may be, a specific number thereof, whether represented by Definitive Notes or Global Notes;

“Class B Principal Deficiency Sub-Ledger” means the sub-ledger of the Principal Deficiency Ledger applicable to the Class B Notes created in accordance with the Cash Management Agreement;

“Class B Revenue Reallocation Amount” means in relation to any Interest Payment Date, the amount determined as at the related Calculation Date in accordance with the provisions of the Cash Management Agreement, being the lesser of (a) the debit balance on the Class B Principal Deficiency Sub-Ledger as at such Calculation Date and (b) the amount of Available Revenue Funds (excluding any Principal Reallocation Amount and Liquidity Reserve Drawings) available to the Issuer in the Revenue Ledger as at such Calculation Date after payment of the amounts determined in accordance with items (a) to (g) of the Pre-Enforcement Revenue Payments Priorities;

“Class C Noteholders” means the persons who for the time being are holders of the Class C Notes;

“Class C Notes” means the £12,100,000 Class C Mortgage Backed Floating Rate Notes due 2045 issued or due to be issued by the Issuer on the Closing Date or, as the case may be, a specific number thereof, whether represented by Definitive Notes or Global Notes;

“Class C Principal Deficiency Sub-Ledger” means the sub-ledger of the Principal Deficiency Ledger applicable to the Class C Notes created in accordance with the Cash Management Agreement;

“Class C Revenue Reallocation Amount” means in relation to any Interest Payment Date, the amount determined as at the related Calculation Date in accordance with the provisions of the Cash Management Agreement, being the lesser of (a) the debit balance on the Class C Principal Deficiency Sub-Ledger as at such Calculation Date and (b) the amount of Available Revenue Funds (excluding any Principal Reallocation Amount and Liquidity Reserve Drawings) available to the Issuer in the Revenue Ledger as at such Calculation Date after payment of the amounts determined in accordance with items (a) to (g) of the Pre-Enforcement Revenue Payments Priorities;
Revenue Ledger as at such Calculation Date after payment of the amounts determined in accordance with items (a) to (j) of the Pre-Enforcement Revenue Payments Priorities;

“Class D Noteholders” means the persons who for the time being are holders of the Class D Notes;

“Class D Notes” means the £7,900,000 Class D Mortgage Backed Floating Rate Notes due 2045 issued or due to be issued by the Issuer on the Closing Date or, as the case may be, a specific number thereof, whether represented by Definitive Notes or Global Notes;

“Class D Principal Deficiency Sub-Ledger” means the sub-ledger of the Principal Deficiency Ledger applicable to the Class D Notes created in accordance with the Cash Management Agreement;

“Class D Revenue Reallocation Amount” means in relation to any Interest Payment Date, the amount determined as at the related Calculation Date in accordance with the provisions of the Cash Management Agreement, being the lesser of (a) the debit balance on the Class D Principal Deficiency Sub-Ledger as at such Calculation Date and (b) the amount of Available Revenue Funds (excluding any Principal Reallocation Amount and Liquidity Reserve Drawings) available to the Issuer in the Revenue Ledger as at such Calculation Date after payment of the amounts determined in accordance with items (a) to (l) of the Pre-Enforcement Revenue Payments Priorities;

“Class Z Note” means the £23,265,704 Class Z Mortgage Backed Floating Rate Note due 2045 issued or due to be issued by the Issuer on the Closing Date or, as the case may be, a specific number thereof;

“Class Z Note Register” means the register for the Class Z Note;

“Class Z Note Registrar” means Deutsche Bank Luxembourg S.A. in its capacity as Class Z note registrar in accordance with the terms of the Agency Agreement;

“Class Z Noteholder” means the person who holds the Certificate;

“Class Z Principal Deficiency Sub-Ledger” means the sub-ledger of the Principal Deficiency Ledger applicable to the Class Z Note created in accordance with the Cash Management Agreement;

“Class Z Revenue Reallocation Amount” means in relation to any Interest Payment Date, the amount determined as at the related Calculation Date in accordance with the provisions of the Cash Management Agreement, being the lesser of (a) the debit balance on the Class Z Principal Deficiency Sub-Ledger as at such Calculation Date and (b) the amount of Available Revenue Funds (excluding any Principal Reallocation Amount and Liquidity Reserve Drawings) available to the Issuer in the Revenue Ledger as at such Calculation Date after payment of the amounts determined in accordance with items (a) to (n) of the Pre-Enforcement Revenue Payments Priorities;

“Clearing Systems” means Euroclear Bank SA / NV and Clearstream Banking, société anonyme;

“Closing Date” means 26 September 2014 or such other date as the Issuer and the Lead Manager may agree pursuant to the Subscription Agreement;

“Collection Accounts” means the Collections (DD) Account and the Collections (Redemption) Account and such other account agreed by the Issuer and the Master Servicer as the “Collection Account”, each a “Collection Account”;

“Collection Account Declaration of Trust” means the declaration of trust so named in relation to the Collection Accounts and the Servicer Expense Account dated on or about the Closing Date;
“Collections (DD) Account” means the account so named and specified in the Account Details and which is held in the name of the Sub-Servicer at the Collection Account Bank or such replacement account agreed by the Issuer, Master Servicer and Sub-Servicer as the “Collections (DD) Account”;

“Collections (Redemption) Account” means the account so named and specified in the Account Details and which is held in the name of the Sub-Servicer at the Collection Account Bank or such replacement account agreed by the Issuer, Master Servicer and Sub-Servicer as the “Collections (Redemption) Account”;

“Collections Procedures” means:

(a) during the continuation of the appointment of the Sub-Servicer under the Sub-Servicing Agreement, the Service Specification, provided that, for the avoidance of doubt, nothing in this definition or otherwise shall oblige the Sub-Servicer to take any action to recover a shortfall following the sale of a Property;

(b) upon the assumption of the Delegated Services by the Master Servicer pursuant to the Master Servicing Agreement, the collections procedures of the Master Servicer, as amended from time to time with the prior written consent of the Issuer (except in the case of any amendment (i) which is necessary for the Master Servicer to comply with any change in any law, rule or regulation applicable to it or (ii) which is not, in the reasonable opinion of the Master Servicer (acting as a Prudent Mortgage Servicer), material);

(c) at any other time, such collections procedures as may be agreed between the Issuer and the Master Servicer, provided that such collections procedures are procedures which would be applied by a Prudent Mortgage Servicer;

“Conditions” means the terms and conditions to be endorsed on the Notes in, or substantially in, the form set out in Schedule 5 (Terms and Conditions of the Notes) of the Trust Deed as any of the same may from time to time be modified in accordance with the Trust Deed and any reference to a particular numbered Condition shall be construed accordingly;

“Corporate Services Agreement” means the agreement so named dated on or about the Closing Date between the Corporate Services Provider, the Share Trustee and the Issuer;

“Corporate Services Provider” means Deutsche Bank AG, London Branch in its capacity as corporate services provider in accordance with the terms of the Corporate Services Agreement or such other person or persons for the time being acting as corporate services provider to the Issuer under the Corporate Services Agreement;

“Couponholders” means the persons who for the time being are holders of the Coupons;

“Coupons” means the interest coupons related to the Definitive Notes in, or substantially in, the form set out in Part 2 of Schedule 3 of the Trust Deed and for the time being outstanding or, as the context may require, a specific number of such coupons;

“Credit Ledger” means the ledger in the books of the Issuer so named;

“Credit Ledger Required Amount” means an amount by which General Reserve Fund Target Amount exceeds the Liquidity Ledger Required Amount;

“Cut-Off Date” means 31 August 2014;

“Day Count Fraction” means in respect of an Interest Period the actual number of days in such period divided by 365;
“Deed Poll” means the portfolio option deed poll dated on or about the Closing Date, executed by the Issuer, in favour of the Portfolio Option Holder, from time to time;

“Definitive Notes” means any of the Rated Notes issued in definitive bearer form in, or substantially in, the form set out in Part 1 of Schedule 3 of the Trust Deed;

“Delegated Services” means the servicing obligations delegated to the Sub-Servicer by the Master Servicer under the Sub-Servicing Agreement;

“Electronic Consent” means, for so long as all the outstanding Notes are represented by Temporary Global Notes and/or Permanent Global Notes and held within the Clearing Systems, in respect of any resolution proposed by the Issuer or the Trustee, where the terms of the proposed resolution have been notified to the relevant class of Noteholders through the relevant Clearing Systems, approval of such resolution (on which the Issuer and Trustee may rely) proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant Clearing Systems in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. of the aggregate Principal Amount Outstanding of the relevant class of Notes then outstanding.

“Eligible Investments” means:

(a) demand or time deposits, certificates of deposit and other short term unsecured debt obligations provided that, in each case, at the time the deposit is made or the certificate or obligation is acquired the then current rating of the unsecured and unguaranteed debt obligations of that institution (or, where the investment in question is guaranteed, of the guaranteeing institution) is AA- or A-1+ or AAAm by S&P; and at least one of (a) P-1 (short-term) or at least A2 (long-term) (if applicable) from Moody’s; (b) a short-term issuer default rating of F1+ or long-term issuer default rating of AA- from Fitch; and (c) at least R-1 (middle) (short-term) or AA (low) (long-term) (if applicable) from DBRS, or in each case such other ratings as may be required by the Rating Agencies from time to time;

(b) short term unsecured debt obligations issued by a body corporate provided that the then current rating of the unsecured and unguaranteed debt obligations of that body corporate (or where the debt obligations in question are guaranteed, of the guaranteeing institution) is AA- or A-1+ or AAAm by S&P; and at least one of (a) P-1 (short-term) or at least A2 (long-term) (if applicable) from Moody’s; (b) a short-term issuer default rating of F1+ or long-term issuer default rating of AA- from Fitch; and (c) at least R-1 (middle) (short-term) or AA (low) (long-term) (if applicable) from DBRS, or in each case such other ratings as may be required by the Rating Agencies from time to time; or

(c) money market funds that meet the European Securities and Markets Authority (ESMA) Short-Term Money Market Fund definition, set out in Guideline reference 10-049 of the Committee for European Securities Regulators, or money market funds that hold an AAAm money market fund rating from S&P and (i) where a Fitch rating is available, an AAAmmf rating from Fitch, or (ii) where a Fitch rating is not available, an equivalent money market fund rating from a recognised credit rating agency such as Moody’s or DBRS, provided that, no withholding or deduction for or account of tax will be made on any payments of interest or principal in respect of any such deposit, bond, debenture, note or other investment or security evidencing debt, and provided further that no such instrument will be a volatile instrument (as specified in the Rating Agencies’ published criteria) and/or an instrument issued by a mutual fund or similar investment vehicle, and provided further that each such instrument shall mature (or otherwise
be capable of being redeemed, terminated or broken (at no additional cost)) on or before the next succeeding Calculation Date so that such funds will be available for withdrawal on such date.

“Enforcement Notice” means: a notice delivered by the Trustee to the Issuer in accordance with Condition 12 (Events of Default);

“euro”, “EUR” or “€” means the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended;

“Event of Default” means any one of the events specified in Condition 12 (Events of Default);

“Extraordinary Resolution” means (i) a resolution passed at a Meeting of Noteholders duly convened and held in accordance with the Provisions for Meetings of Noteholders by a majority of not less than three quarters of the votes cast, (ii) a Written Resolution or (iii) an Electronic Consent;

“Final Discharge Date” 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 monies and other liabilities due or owing by the Issuer have been paid or discharged in full;

“Final Maturity Date” means the Interest Payment Date falling in October 2045;

“First Interest Payment Date” means the Interest Payment Date falling in January 2015;

“Fitch” means Fitch Ratings Ltd or any successor to its rating business;

“General Reserve Drawing” means a drawing from the General Reserve Fund, which, for an Interest Payment Date, shall be (where the same is to be applied to meet a Revenue Shortfall in respect of such Interest Payment Date) the lower of (i) the amount standing to the credit of the Credit Ledger for that Interest Payment Date and, (ii) the amount required to eliminate such Revenue Shortfall for that Interest Payment Date;

“General Reserve Fund” means the credit balance from time to time of the Liquidity Ledger and the Credit Ledger which, on the Closing Date, will be an amount equal to the General Reserve Fund Target Amount initially funded from the proceeds of issue of the Class Z Note and thereafter from Available Revenue Funds. The funds will firstly be credited into the Liquidity Ledger for the amount of Liquidity Ledger Required Amount and the remaining amount will be credited into the Credit Ledger;

“General Reserve Fund Target Amount” means 3% of the Current Balance of the Mortgage Portfolio as of the Cut-Off Date, provided that after the redemption in full of the Rated Notes or the occurrence of an Optional Portfolio Purchase, the General Reserve Fund Target Amount is zero;

“General Reserve Ledger” means the Liquidity Ledger or the Credit Ledger as applicable;

“Global Notes” means the Permanent Global Notes and the Temporary Global Notes;

“holder” means, in relation to a Rated Note, the bearer of that Note and in relation to the Class Z Note, the registered holder of the Class Z Note and the words “holders” and related expressions shall (where appropriate) be construed accordingly;

“Incorporated Terms Memorandum” means the document so named which is dated on or about the Closing Date and signed for the purpose of identification by each of the Transaction Parties;

“Initial Legal Title Transfer Date” means the date on which legal title to the Mortgage Loans and the Related Security is transferred by the Originator to the Beneficial Title Seller or a person designated by the Beneficial Title Seller pursuant to the Initial Mortgage Sale Agreement;
“Initial Mortgage Sale Agreement” means the agreement so named dated on or about 24 September 2014 between the Originator as seller and the Beneficial Title Seller as purchaser;

“Insolvency Act” means the Insolvency Act 1986;

“Insolvency Event” in respect of the Issuer means:

(a) such company is unable or admits its inability to pay its debts as they fall due (after taking into account any grace period or permitted deferral), or suspends making payments on any of its debts; or

(b) a moratorium is declared in respect of any indebtedness of such company; or

(c) the commencement of negotiations with one or more creditors of such company with a view to rescheduling any indebtedness of such company other than in connection with any refinancing in the ordinary course of business; or

(d) any corporate action, legal proceedings or other procedure or step is taken in relation to:

   (i) the appointment of an Insolvency Official in relation to such company or in relation to the whole or any part of the undertaking or assets of such company except, in the case of the Issuer, the application to the court under paragraph 12 or the filing of notice of intention to appoint an administrator under paragraph 26 of Schedule B1 to the Insolvency Act by the Issuer or its directors, or the appointment of an administrative receiver by the Trustee following any such application or notice; or

   (ii) an encumbancer (excluding, in relation to the Issuer, the Trustee or any Receiver) taking possession of the whole or any part of the undertaking or assets of such company; or

   (iii) the making of an arrangement, composition, or compromise (whether by way of voluntary arrangement, scheme of arrangement or otherwise) with any creditor of such company, a reorganisation of such company, a conveyance to or assignment for the creditors of such company generally or the making of an application to a court of competent jurisdiction for protection from the creditors of such company generally other than in connection with any refinancing in the ordinary course of business; or

   (iv) any distress, diligence, execution, attachment or other process being levied or enforced or imposed upon or against the whole or any part of the undertaking or assets of such company (excluding, in relation to the Issuer, by the Trustee or any Receiver); or

   (e) any procedure or step is taken, or any event occurs, analogous to those set out in (a) to (d) above, in any jurisdiction.

“Insolvency Official” means, in relation to a company, a liquidator, (except, in the case of the Issuer, a liquidator appointed for the purpose of a merger, reorganisation or amalgamation the terms of which have previously been approved either in writing by the Trustee or by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding) provisional liquidator, examiner, administrator, administrative receiver, receiver, receiver or manager, compulsory or interim manager, nominee, supervisor, trustee, conservator, guardian or other similar officer in respect of such company or in respect of any arrangement, compromise or composition with any creditors or any equivalent or analogous officer under the law of any jurisdiction;

“Instrumentholders” means the persons who for the time being are holders of the Instruments;
“Instruments” means the Class Z Note, the Global Notes, the Definitive Notes and the Coupons and “Instrument” means any one of them;

“Interest Amount” means, in respect of a Note, the Note Interest calculated on the relevant Interest Determination Date;

“Instrument” means any one of them;

“Interest Determination Date” means each Interest Payment Date or, in the case of the first Interest Period, the Closing Date,

and, in relation to an Interest Period, the “related Interest Determination Date” means the Interest Determination Date which falls on the first day of such Interest Period;

“Interest Payment Date” means the 24th day of January, April, July and October in each year commencing on the First Interest Payment Date, provided that if any such day is not a Business Day, the Interest Payment Date shall be the immediately succeeding Business Day unless it would as a result fall into the next calendar month, in which case it will be brought forward to the immediately preceding Business Day;

“Interest Period” means each period from (and including) an Interest Payment Date (or in respect of the first Interest Period, from the Closing Date) to (but excluding) the next Interest Payment Date (or in respect of the first Interest Period, the First Interest Payment Date) and, in relation to an Interest Determination Date, the “related Interest Period” means the Interest Period in which such Interest Determination Date falls or, if such Interest Determination Date does not fall on an Interest Payment Date, the Interest Period next commencing after such Interest Determination Date;

“Issuer” means RESIMAC UK RMBS No. 1 plc, a public limited company incorporated in England and Wales with registered number 8839392 as issuer of the Notes;

“Issuer Covenants” means the covenants of the Issuer set out in Schedule 6 (Issuer Covenants) of the Incorporated Terms Memorandum;

“Issuer Jurisdiction” means England and Wales or such other jurisdiction in which the Issuer or any Issuer substitute (as contemplated by Condition 20 (Substitution of Issuer) is incorporated and/or subject to taxation;

“Issuer Profit Amount” means an amount retained by the Issuer and to be recognised in the accounts of the Issuer as profit for the relevant accounting year;

“Lead Manager” means Lloyds Bank plc (registered number 00002065);

“Legal Title Holder” means, prior to the Initial Legal Title Transfer Date, Capital Home Loans Limited (registered number 02174236), and on or after the Initial Legal Title Transfer Date, the Replacement Legal Title Holder;

“Legal Title Holder Power of Attorney” means the power of attorney granted by the Legal Title Holder in favour of the Issuer and the Trustee substantially in the form in Part 1 (Form of Legal Title Holder Power of Attorney) of Schedule 4 of the Mortgage Sale Agreement;

“Liabilities” means, in respect of any person, any losses, damages, costs, charges, awards, claims, demands, expenses, judgments, actions, proceedings or other liabilities whatsoever including proper legal fees and any Taxes and penalties incurred by that person;

“LIBOR” means London Interbank Offered Rate;

“Liquidity Ledger” means the ledger in the books of the Issuer so named;
“Liquidity Ledger Required Amount” means an amount equal to 3% of the aggregate Principal Amount Outstanding of the Rated Notes;

“Liquidity Reserve Drawing” means a drawing from the General Reserve Fund, which, for an Interest Payment Date, shall be (where the same is to be applied to meet a Revenue Shortfall in respect of such Interest Payment Date) the lower of (i) the amount standing to the credit of the Liquidity Ledger for that Interest Payment Date and, (ii) the amount required to eliminate such Revenue Shortfall for that Interest Payment Date;

“Margin” means:
(a) in respect of the Class A Notes, 0.90 per cent. per annum;
(b) in respect of the Class B Notes, 1.30 per cent. per annum;
(c) in respect of the Class C Notes, 1.60 per cent. per annum;
(d) in respect of the Class D Notes, 1.90 per cent. per annum; and
(e) in respect of the Class Z Note, 2.00 per cent. per annum;

“Master Servicer” means RESIMAC Financial Services Limited in its capacity as master servicer in accordance with the terms of the Master Servicing Agreement or any replacement master servicer;

“Master Servicing Agreement” means the agreement so named dated on or about the Closing Date between the Issuer, the Master Servicer, the Cash Manager and the Trustee;

“Meeting” means a meeting of Noteholders (whether originally convened or resumed following an adjournment);

“Minimum Amount” means one penny;

“Minimum Denomination” means, in relation to the Rated Notes, £100,000 and, for so long as the Clearing Systems so permit, any amount in excess thereof in integral multiples of £1,000;

“Mortgage” means a charge by way of legal mortgage over a residential property and, in relation to a Mortgage Loan, means the mortgage or legal charge securing that Mortgage Loan including, in each case, all principal sums, interest, costs, charges, expenses and other moneys secured or intended to be secured by that mortgage or legal charge (together the “Mortgages”);

“Mortgage Condition” means, in relation to each Mortgage Loan and the Mortgage relating thereto, the terms and conditions subject to which such Mortgage Loan and the security for the repayment thereof is currently outstanding including, for the avoidance of doubt, the terms and conditions incorporated into any letter or letters of offer or agreement or agreements to make such Mortgage Loan;

“Mortgage Loan” means a residential mortgage loan (including all advances, any accrued interest and any fees, costs and other amounts owing to the Originator from the Borrower (including all capitalised sums)) which is included in the Mortgage Portfolio;

“Mortgage Portfolio” means the portfolio of Mortgage Loans, the Mortgages, the Related Security and all rights, interest, benefit, income and payments sold to the Issuer by the Beneficial Title Seller on the Closing Date, as listed in Annexure 2 (The Mortgage Portfolio) of the Mortgage Sale Agreement, but excluding (for the avoidance of doubt) any Mortgage Loan and its Related Security which is repurchased by the Beneficial Title Seller pursuant to the Mortgage Sale Agreement, and no longer beneficially owned by the Issuer;
“Mortgage Sale Agreement” means the agreement so named dated on or about the Closing Date between the Issuer, the Beneficial Title Seller, the Legal Title Holder and the Trustee;

“Most Senior Class” means the Class A Notes whilst they remain outstanding and thereafter the Class B Notes whilst they remain outstanding, and thereafter the Class C Notes whilst they remain outstanding, and thereafter the Class D Notes whilst they remain outstanding, and thereafter the Class Z Note;

“Note Interest” means, in respect of a Note for any Interest Period the amount of interest determined in respect of such Note for such Interest Period by, (i) multiplying (a) the Principal Amount Outstanding of such Note on the Interest Payment Date coinciding with the related Interest Determination Date by (b) the Note Rate and (ii) multiplying (x) the amount so calculated by (y) the relevant Day Count Fraction and rounding the resultant figure to the nearest Minimum Amount;

“Note Principal Payment” means in respect of any Note on any Interest Payment Date, the principal amount redeemable in respect of such a Note, which shall be a proportion of the amount of Available Principal Funds required as at that Interest Payment Date pursuant to the Pre-Enforcement Principal Payments Priorities to be applied in redemption of the relevant class of Notes on such date equal to the proportion that the Principal Amount Outstanding of the relevant Note bears to the aggregate Principal Amount Outstanding of such class of Notes rounded down to the nearest Minimum Amount;

“Note Rate” means, for each Interest Period, the Reference Rate determined as at the related Interest Determination Date plus for the period from (and including) the Closing Date to (and including) the first Optional Redemption Date, the Margin and from (but excluding) the first Optional Redemption Date, the Step-Up Margin, in each case for each respective class of Notes;

“Noteholders” means the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class Z Noteholder or, where the context otherwise requires, the holders of Notes of a particular class or classes, as the case may be;

“Notes” means the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class Z Note;

“Notices Condition” means Condition 21 (Notices);

“Notices Details” means, in relation to any party, the provisions set out in Schedule 7 (Notices Details) of the Incorporated Terms Memorandum;

“Optional Portfolio Purchase” means a purchase of all (but not part) of the Mortgage Loans and their Related Security by the Portfolio Option Holder;

“Optional Portfolio Purchase Completion Date” means the completion date of the Optional Portfolio Purchase;

“Optional Redemption Date” means the Interest Payment Date falling in October 2017 and each subsequent Interest Payment Date thereafter;

“Originator” means Capital Home Loans Limited (registered number 02174236);

“outstanding” means all the Notes other than:

(a) those which have been redeemed in full and cancelled in accordance with the Conditions;

(b) those in respect of which the date for redemption, in accordance with the provisions of the Conditions, has occurred and for which the redemption monies (including all interest accrued
thereon to such date for redemption) have been duly paid to the Trustee or the Principal Paying Agent in the manner provided for in the Agency Agreement (and, where appropriate, notice to that effect has been given to the Noteholders in accordance with the Notices Condition) and remain available for payment in accordance with the Conditions;

(c) those which have become void under the Conditions;

(d) those mutilated or defaced Notes which have been surrendered or cancelled and those Notes which are alleged to have been lost, stolen or destroyed and in all cases in respect of which replacement Notes have been issued pursuant to the Conditions; and

(e) any Temporary Global Notes to the extent that it shall have been exchanged for a Permanent Global Note of the same class or any Permanent Global Note to the extent that it shall have been exchanged for the related Definitive Notes pursuant to the provisions contained therein and the Conditions;

provided that for each of the following purposes, namely:

(i) the right to attend and vote at any meeting of Noteholders and resolve by Extraordinary Resolution;

(ii) the determination of how many and which Notes are for the time being outstanding for the purposes of Clause 19 (Waiver), Clause 20 (Modifications), Clause 23 (Proceedings and Actions by the Trustee), Clause 33 (Appointment of Trustees) and Clause 34 (Notice of a New Trustee) of the Trust Deed and Condition 12 (Events of Default), Condition 13 (Enforcement) and Condition 15 (Meetings of Noteholders) and the Provisions for Meetings of Noteholders; and

(iii) any discretion, power or authority, whether contained in the Trust Deed or provided by law, which the Trustee is required to exercise in or by reference to the interests of the Noteholders or any of them,

those Notes (if any) which are for the time being held by or on behalf of or for the benefit of the Issuer, the Beneficial Title Seller, any holding company of any of them or any other subsidiary of either such holding company, in each case as beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding, except, in the case of the Beneficial Title Seller, any holding company of the Beneficial Title Seller or any other subsidiary of such holding company (the “Relevant Persons”) where all of the Notes of any class are held by or on behalf of or for the benefit of one or more Relevant Persons, in which case such class of Notes (the “Relevant Class of Notes”) shall be deemed to remain outstanding except that, if there is any other class of Notes ranking pari passu with, or junior to, the Relevant Class of Notes and one or more Relevant Persons are not the beneficial owners of all the Notes of such class, then the Relevant Class of Notes shall be deemed not to remain outstanding;

“Participating Member State” means at any time any member state of the European Union that has adopted the euro as its lawful currency in accordance with the Treaty;

“Paying Agents” means the paying agents named in the Agency Agreement together with any successor or additional paying agents appointed from time to time in connection with the Notes under the Agency Agreement;

“Payments Priorities” means the Pre-Enforcement Payments Priorities and the Post-Enforcement Payments Priorities;
“Permanent Global Note” means the permanent global note representing any of the Rated Notes in, or substantially in, the form set out in Schedule 2 (Form of Permanent Global Note) of the Trust Deed;

“Portfolio Option” means the option granted to the Portfolio Option Holder documented in the Deed Poll;

“Portfolio Option Holder” means the Beneficial Title Seller;

“Post-Enforcement Payments Priorities” means the provisions relating to the order of priority of payments from the Transaction Account, set out in Clause 15 (Post-Enforcement Payments Priorities) of the Security Deed;

“Potential Event of Default” means any event which may become (with the passage of time, the giving of notice, the making of any determination or any combination thereof) an Event of Default;

“Pre-Enforcement Payments Priorities” means the Pre-Enforcement Principal Payments Priorities and the Pre-Enforcement Revenue Payments Priorities;

“Pre-Enforcement Principal Payments Priorities” means the provisions relating to the order of priority of payments from the Principal Ledger set out in Paragraph 4 (Payments from Principal Ledger on an Interest Payment Date) of Part 3 of Schedule 1 of the Cash Management Agreement;

“Pre-Enforcement Revenue Payments Priorities” means the provisions relating to the order of priority of payments from the Revenue Ledger set out in Paragraph 3 (Payments from Revenue Ledger on an Interest Payment Date) of Part 3 of Schedule 1 of the Cash Management Agreement;

“Principal Amount Outstanding” means, on any day:

(a) in relation to a Note, the principal amount of that Note on the Closing Date less the aggregate amount of any principal payments in respect of that Note which have become due and payable (and have been paid) on or prior to that day; and

(b) in relation to the Notes outstanding at any time, the aggregate of the amount in paragraph (a) above in respect of all Notes outstanding;

“Principal Deficiency Ledger” means the ledger in the books of the Issuer so named;

“Principal Ledger” means the ledger in the books of the Issuer so named;

“Principal Outstanding Balance” means:

(a) in relation to any Mortgage Loan and on any day, the aggregate of:

(i) the original principal amount advanced to the relevant Borrower pursuant to the offer of Mortgage Loan as at the date of such advance; plus

(ii) any other disbursement, legal expense, fee, charge or premium capitalised or otherwise owed by the Borrower in respect of such Mortgage Loan as at the date of such Mortgage Loan; plus

(iii) any advance of Redraws to the Borrower; plus

(iv) all interest, costs, fees and expenses capitalised and added to such Mortgage Loan following the date of such Mortgage Loan; less

(v) any payment, prepayment or repayment of the amounts specified in (i) to (iii) (inclusive) above up to (and including) such date;
(b) in relation to the Mortgage Portfolio and any day, the aggregate of the Principal Outstanding Balances in respect of the Mortgage Loans contained in that Mortgage Portfolio;

“Principal Paying Agent” means Deutsche Bank AG, London Branch in its capacity as principal paying agent in accordance with the terms of the Agency Agreement and any successor principal paying agent appointed pursuant to the provisions thereof;

“Principal Reallocation Amount” means, in relation to any Interest Payment Date, the aggregate amount determined on the related Calculation Date, in accordance with the provisions of Paragraph 4 (Payments from Principal Ledger on an Interest Payment Date) of Part 3 of Schedule 1 of the Cash Management Agreement, as being the amount (if any) of Available Principal Funds (excluding any Revenue Reallocation Amount to be credited to the Principal Ledger on such Interest Payment Date) which are to be utilised by the Issuer to reduce or eliminate any Senior Revenue Shortfall on such Interest Payment Date after the making of any General Reserve Drawing on such Interest Payment Date;

“Principal Receipts” or “Principal Receivables” means, in relation to a Calculation Period, the amount calculated as at the related Calculation Date equal to the aggregate of (without double counting):

(a) all amounts representing principal repayments under the Mortgage Loans and their Related Security (including capitalised interest, costs, expenses and arrears), received or recovered in respect of the Mortgage Loans and their Related Security during such Calculation Period;

(b) all Recoveries representing principal repayments under the Mortgage Loans (including capitalised interest, expenses and arrears) recovered upon enforcement of the Related Security during such Calculation Period;

(c) any sums received or recovered in connection with an Asset Warranty Claim during such Calculation Period to the extent such sums are attributable to principal;

(d) the net proceeds of the disposal by the Issuer of one or more Mortgage Loans during such Calculation Period to the extent such proceeds constitute principal; and

(e) all insurance related proceeds received or recovered during such Calculation Period in respect of the Mortgage Loans in the Mortgage Portfolio and their Related Security to which the Issuer is beneficially entitled to the extent applied towards sums of the type referred to in paragraph (a) or (b) above;

“Property” means, in relation to a Mortgage Loan and its related Mortgage, the freehold, heritable or leasehold property charged as security for the repayment of such Mortgage Loan;

“Prospectus” means the prospectus dated on or about the Signing Date prepared in connection with the issue by the Issuer of the Notes;

“Provisions for Meetings of Noteholders” means the provisions contained in Schedule 6 (Provisions for Meetings of Noteholders) of the Trust Deed;

“Prudent Mortgage Servicer” means a mortgage servicer acting in accordance with the standards reasonably expected of a prudent mortgage servicer experienced in servicing residential owner occupied and buy-to-let mortgage loans and acting no less favourably or to no lesser standard than that applied to other loans serviced by the Sub-Servicer, Master Servicer or Replacement Servicer (as applicable) and in compliance with all laws applicable to it in connection with mortgage loans made to borrowers in England and Wales;
“Rated Notes” means the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes;

“Rating Agencies” means Fitch and S&P and “Rating Agency” means any of them;

“Realisation” means, in relation to any Charged Property, the deriving, to the fullest extent practicable, of proceeds from or in respect of such Charged Property including (without limitation) through sale or through performance by a Borrower in accordance with the provisions of the Transaction Documents;

“Receivables” means the Principal Receivables and the Revenue Receivables;

“Receiver” means any receiver, manager or administrative receiver appointed in respect of the Issuer by the Trustee in accordance with Clause 17.2 (Appointment of a Receiver) of the Security Deed;

“Recoveries” means any payments received in respect of a Mortgage Loan after the Master Servicer (or the Sub-Servicer on its behalf) has completed the Arrears and Recoveries Procedures (including enforcement of security) in respect of such Mortgage Loan;

“Redraw” means a drawing by a Borrower of a portion of the principal of its Mortgage Loan where such Borrower has previously made prepayments on its Mortgage Loan in excess of the scheduled principal repayments;

“Reference Banks” means the principal London office of four major banks in the London interbank market selected by the Agent Bank at the relevant time;

“Reference Rate” means, on any Interest Determination Date the Sterling Reference Rate;

“Regulated Activities Order” means the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, as amended (S.I. 2001 No. 544);

“Regulated Mortgage Contract” has the meaning given to it in article 61(3)(a) of the Regulated Activities Order;

“Related Security” means, in relation to a Mortgage Loan, the Mortgage relating thereto and all other collateral security for, and rights in respect of such Mortgage Loan including (but not limited to) any security interest, deeds of postponement, ranking agreements, deeds of consent and any rights against any person or persons in connection with the origination and completion of such Mortgage Loan or Mortgage and any life policies, life policy assignments, priority letters, pension policies, guarantees, assignments, searches, indemnities and related documentation and any other deed or document providing ancillary security or indemnity for repayment of any sums due from time to time under the relevant Mortgage Loan and Mortgage;

“Relevant Date” means, in respect of any payment in relation to the Notes, whichever is the later of:

(a) the date on which the payment in question first becomes due; and

(b) if the full amount payable has not been received by the Principal Paying Agent or the Trustee on or prior to such date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders in accordance with the Notices Condition;

“Relevant Period” means in relation to an Interest Determination Date, the length in months of the related Interest Period;

“Relevant Screen” means a page of the Reuters service or of the Bloomberg service, or of any other medium for the electronic display of data as may be previously approved in writing by the Trustee and as has been notified to the Noteholders in accordance with the Notices Condition;
“Replacement Legal Title Holder” means the Beneficial Title Seller or a person designated by the Beneficial Title Seller, being a person to whom the legal title to the Mortgage Loans and the Related Security will be transferred on the Initial Legal Title Transfer Date;

“Replacement Servicer” means, following the Back-Up Servicer Succession Date, Homeloan Management Limited or any other replacement master servicer;

“Replacement Servicing Agreement” means the replacement servicing agreement in the form set out in Schedule 2 (Replacement Servicing Agreement) of the Back-up Servicing Agreement;

“Representative Amount” means an amount that is representative for a single transaction in the relevant market at the relevant time;

“Reserved Matter” means any proposal:

(a) to change any date fixed for payment of principal or interest (including, for the avoidance of doubt, the Final Maturity Date) or any other amount in respect of the Notes, to change the amount of principal or interest or any other amount due on any date in respect of the Notes or to alter the method of calculating the amount of any payment in respect of the Notes on redemption or maturity;

(b) (except in accordance with Condition 20 (Substitution of Issuer) and Clause 21 (Substitution) of the Trust Deed) to effect the exchange, conversion or substitution of the Notes for, or the conversion of such Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed;

(c) to change the currency in which amounts due in respect of the Notes are payable;

(d) to release any Security, other than as expressly contemplated in the Transaction Documents;

(e) to alter the Payments Priorities or any other amounts in respect of the Notes;

(f) to change the quorum required at any Meeting or the majority required to pass an Extraordinary Resolution;

(g) to restrict the transferability of any Note; or

(h) to amend this definition;

“Residual Principal Allocation Amount” means in relation to an Interest Payment Date, the amount calculated as at the related Calculation Date equal to the amount by which the Available Redemption Funds exceed the aggregate Note Principal Payment in respect of the Notes;

“RESIMAC Guarantor” means RESIMAC Limited in its capacity as guarantor under the RESIMAC MSA Guarantee or the RESIMAC Servicing Guarantee (as applicable);

“RESIMAC MSA Guarantee” means the guarantee so named dated on or about the Closing Date between the RESIMAC Guarantor and the Issuer;

“RESIMAC Servicing Guarantee” means the guarantee so named dated on or about the Closing Date between the RESIMAC Guarantor and the Issuer;

“Revenue Ledger” means the ledger in the books of the Issuer so named;

“Revenue Reallocation Amount” means any of a Class A Revenue Reallocation Amount, a Class B Revenue Reallocation Amount, a Class C Revenue Reallocation Amount, a Class D Revenue Reallocation Amount or a Class Z Revenue Reallocation Amount;
“Revenue Receipts” or “Revenue Receivables” means, in relation to a Calculation Period, the aggregate (without double counting) of:

(a) all amounts representing interest, fees and charges received or recovered in respect of the Mortgage Loans and their Related Security during such Calculation Period;

(b) any Recoveries received during such Calculation Period other than such as are referred to under paragraph (b) of the definition of “Principal Receipts”;

(c) the net proceeds of disposal of any Mortgage Loan or the related Property or any amounts recovered from third parties received by the Issuer during such Calculation Period to the extent such proceeds are not attributable to principal;

(d) all insurance related proceeds received or recovered during such Calculation Period in respect of the Mortgage Loans and their Related Security to which the Issuer is beneficially entitled to the extent applied towards sums of the type referred to in paragraph (a) or (b) above;

(e) any sums received or recovered in connection with an Asset Warranty Claim during such Calculation Period to the extent such sums are not related to principal;

(f) any amounts representing income from Eligible Investments credited to the Transaction Account during the immediately preceding Calculation Period to the extent such sums are not attributable to principal; and

(g) any interest on the credit balance of the Collection Accounts from time to time and credited to the Collection Accounts and transferred to the Transaction Account during such Calculation Period;

“Revenue Shortfall” means, as at any Interest Payment Date, an amount equal to (a) minus (b) where:

(a) is the amount of the Available Revenue Funds calculated in respect of the related Calculation Period, but:

(i) (for the purposes of calculating a Liquidity Reserve Drawing) without taking into account the amount of any Liquidity Reserve Drawing, General Reserve Drawing or Principal Reallocation Amount, to be recorded as a credit entry on the Revenue Ledger on such Interest Payment Date;

(ii) (for the purposes of calculating a General Reserve Drawing) taking into account any Liquidity Reserve Drawing but without taking into account the amount of any General Reserve Drawing or Principal Reallocation Amount, to be recorded as a credit entry on the Revenue Ledger on such Interest Payment Date; and

(iii) (for the purposes of calculating a Principal Reallocation Amount) taking into account the amount of any Liquidity Reserve Drawing and General Reserve Drawing but without taking into account the amount of any Principal Reallocation Amount, to be recorded as a credit entry on the Revenue Ledger on such Interest Payment Date; and

(b) is the aggregate of the amounts required by the Issuer to pay or to provide in full on such Interest Payment Date for such items:

(i) (for the purposes of calculating a Liquidity Reserve Drawing) (A) items (a) to (d) of the Pre-Enforcement Revenue Payments Priorities and (B) items (e) and (g) or, following the redemption in full of the Class A Notes and the Class B Notes, items (j) and (l) of the Pre-Enforcement Revenue Payments Priorities;
(ii) (for the purposes of calculating a General Reserve Drawing) the aggregate of \( A + B + C + D \) where: (A) is items (a) to (d) of the Pre-Enforcement Revenue Payments Priorities; (B) is any debit balance of the Class A Principal Deficiency Sub-Ledger, the Class B Principal Deficiency Sub-Ledger, the Class C Principal Deficiency Sub-Ledger and the Class D Principal Deficiency Sub-Ledger; (C) is any Interest Amount due and payable in respect of the Most Senior Class of Rated Notes and (D) is any Interest Amount due and payable in respect of the Rated Notes other than the Most Senior Class of Notes if the debit balance on the associated Principal Deficiency Sub-Ledger is less than 50 per cent. of the Principal Amount Outstanding for that class of Rated Notes; and

(iii) (for the purposes of calculating a Principal Reallocation Amount) the aggregate of \( A + B + C \) where: (A) is items (a) to (d) of the Pre-Enforcement Revenue Payments Priorities, (B) any Interest Amount due and payable in respect of the Most Senior Class of Rated Notes, and (C) any Interest Amount due and payable in respect of the Rated Notes other than the Most Senior Class of Notes if the debit balance on the associated Principal Deficiency Sub-Ledger is less than 50 per cent. of the Principal Amount Outstanding for that class of Rated Notes,

provided that no Revenue Shortfall will arise if the amount of (a) minus (b) is equal to or greater than zero;

“Rounded Arithmetic Mean” means the arithmetic mean (rounded, if necessary, to the nearest 0.0001 per cent., 0.00005 per cent. being rounded upwards);

“S&P” means Standard & Poor’s Credit Market Services Europe Limited;

“Screen” means the display designated as the British Bankers Association’s Interest Settlement Rate as quoted on the Reuters page LIBOR01; or

(a) such other page as may replace Reuters page LIBOR01 on that service for the purpose of displaying such information; or

(b) if that service ceases to display such information, such page as displays such information on such service (or, if more than one, that one previously approved in writing by the Trustee) as may replace such screen;

“Secured Amounts” means the aggregate of all monies and Liabilities which from time to time are or may become due, owing or payable by the Issuer to each, some or any of the Secured Creditors under the Notes or the Transaction Documents;

“Secured Creditors” means the Trustee in its own capacity and as trustee on behalf of those persons listed as entitled to payment in Clause 15 (Post-Enforcement Payments Priorities) of the Security Deed;

“Security” means the security created in favour of the Trustee pursuant to the Security Deed;

“Security Deed” means the deed so named dated on or about the Closing Date between the Issuer and the Trustee (including any security documents supplemental thereto);

“Senior Revenue Shortfall” means a Revenue Shortfall for the purposes of calculating a Principal Reallocation Amount;

“Service Specification” has the meaning given to it in the Master Servicing Agreement;
“Share Trust Deed” means the deed so named dated on or about 24 September 2014 and executed by the Share Trustee;

“Share Trustee” means Deutsche International Finance (Ireland) Limited as share trustee of all the shares in the Issuer or the trustee or trustees for the time being of the Share Trust Deed;

“Signing Date” means on or about 24 September 2014;

“Specified Office” means, in relation to any Agent:
(a) the office specified against its name in the Notices Details; or
(b) such other office as such Agent may specify in accordance with Clause 13.8 (Changes in Specified Offices) of the Agency Agreement;

“SPV Criteria” means the criteria established from time to time by the Rating Agencies for a single purpose company in the Issuer Jurisdiction;

“Standard Documentation” means the documentation listed in Annexure 1 (Standard Documentation) of the Mortgage Sale Agreement which have been used by the Originator from time to time in connection with its activities as lender and on which each Mortgage Loan and its Related Security comprised in the Mortgage Portfolio has been granted or is outstanding;

“Step-Up Margin” means:
(a) in respect of the Class A Notes, 1.35 per cent. per annum;
(b) in respect of the Class B Notes, 2.10 per cent. per annum;
(c) in respect of the Class C Notes, 2.40 per cent. per annum;
(d) in respect of the Class D Notes, 2.85 per cent. per annum; and
(e) in respect of the Class Z Notes, 3.00 per cent. per annum;

“Sterling” and “£” denote the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland;

“Sterling Reference Rate” means, on any Interest Determination Date, the rate determined by the Agent Bank by reference to the Sterling Screen Rate on such date or if, on such date, the Sterling Screen Rate is unavailable:

(a) the Rounded Arithmetic Mean of the offered quotations as at or about 11:00 a.m. (London time) on that date of the Reference Banks to major banks for Sterling deposits for the Relevant Period in the London interbank market in the Representative Amount determined by the Agent Bank after request of the principal London office of each of the Reference Banks;

(b) if, on such date, two or three only of the Reference Banks provide such quotations, the rate determined in accordance with paragraph (a) above on the basis of the quotations of those Reference Banks providing such quotations; or

(c) if, on such date, one only or none of the Reference Banks provide such a quotation, the Sterling Reserve Reference Rate;

“Sterling Reserve Reference Rate” means on any Interest Determination Date:

(a) the Rounded Arithmetic Mean of the rates at which deposits in Sterling are offered in the London interbank market at approximately 11:00 a.m. (London time) on the Interest
Determination Date by the principal London office of each of four major banks selected by the Agent Bank in its absolute discretion for Sterling loans for the Relevant Period in the Representative Amount to major European banks; or

(b) if the Agent Bank certifies that it cannot determine such Rounded Arithmetic Mean as aforesaid, the Sterling Reference Rate in effect for the Interest Period ending on the Business Day immediately preceding the related Interest Determination Date;

“Sterling Screen Rate” means:

(a) in relation to the first Interest Determination Date, the linear interpolation (by reference to the first Interest Period) of the offered quotation for Sterling deposits for a period of three months and for a period of six months;

(b) for any other Interest Determination Dates, the offered quotations for Sterling deposits for the Relevant Period,

in each case, which appears on the Screen as at or about 11:00 a.m. (London time) on that date;

“Stock Exchange” means The Irish Stock Exchange p.l.c.;

“Sub-Servicer” means Capital Home Loans Limited in its capacity as sub-servicer under the Sub-Servicing Agreement or any replacement sub-servicer appointed in accordance with the terms of the Sub-Servicing Agreement;

“Sub-Servicing Agreement” means the agreement so named dated on or about the Closing Date between the Master Servicer and the Sub-Servicer;

“Subscription Agreement” means the agreement so named dated on or about the Signing Date between, the Issuer, the Beneficial Title Seller and the Lead Manager;

“Substituted Obligor” means a single purpose company incorporated in any jurisdiction that meets the SPV Criteria;

“Tax” shall be construed so as to include any present or future tax, levy, impost, duty, charge, fee, deduction or withholding of any nature whatsoever (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same, but excluding taxes on net income) imposed or levied by or on behalf of (or pursuant to any agreement with) any Tax Authority and “Taxes”, “taxation”, “taxable” and comparable expressions shall be construed accordingly;

“Tax Authority” means any government, state or municipality or any local, state, federal or other authority, body or official anywhere in the world exercising a fiscal, revenue, customs or excise function (including, without limitation, Her Majesty’s Revenue and Customs);

“Tax Deduction” means any deduction or withholding on account of Tax;

“Temporary Global Note” means the temporary global note representing any of the Rated Notes in, or substantially in, the form set out in Schedule 1 (Form of Temporary Global Note) of the Trust Deed;

“Transaction Account” means the sterling account so named specified in the Account Details or such other account or accounts as may, with the prior written consent of the Trustee, be designated by the Issuer as such account;

“Transaction Account Agreement” means the agreement so named dated on or about the Closing Date between the Issuer, the Cash Manager, the Transaction Account Bank and the Trustee;
“Transaction Account Bank” means Lloyds Bank plc in its capacity as account bank in accordance with the terms of the Transaction Account Agreement or such other bank with which the Transaction Account is held;

“Transaction Documents” means the Subscription Agreement, the Agency Agreement, the Back-Up Servicing Agreement, the Cash Management Agreement, the Collection Account Declaration of Trust, the Corporate Services Agreement, the Deed Poll, the Mortgage Sale Agreement, the Security Deed, the Master Servicing Agreement, the Sub-Servicing Agreement, the RESIMAC Servicing Guarantee, the RESIMAC MSA Guarantee, the Beneficial Title Seller Power of Attorney, the Legal Title Holder Power of Attorney, the Transaction Account Agreement, the Trust Deed, (following the Back-Up Servicer Succession Date) the Replacement Servicing Agreement, and any document designated as such by the Issuer and the Trustee;

“Transaction Party” means any person who is a party to a Transaction Document and “Transaction Parties” means some or all of them;

“Treaty” means the Treaty on the Functioning of the European Union;

“Trust Deed” means the deed so named dated on or about the Closing Date between the Issuer and the Trustee;

“Trust Documents” means the Trust Deed and the Security Deed and (unless the context requires otherwise) includes any deed or other document executed in accordance with or pursuant to the provisions of the Trust Deed or (as applicable) the Security Deed and expressed to be supplemental to the Trust Deed or the Security Deed (as applicable);

“Trustee” means Deutsche Trustee Company Limited in its capacity as trustee under the Trust Deed;

“VAT” means:
(a) any tax imposed in compliance with the council directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112) (including, in relation to the United Kingdom, value added tax imposed by VATA and legislation and regulations supplemental thereto); and
(b) any other tax of a similar nature, whether imposed in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in (a), or elsewhere;

“VATA” means the Value Added Tax Act 1994; and

“Written Resolution” means a resolution in writing signed by or on behalf of holders of not less than 75 per cent. of the Principal Amount Outstanding of the relevant class of Notes for the time being outstanding, who for the time being are entitled to receive notice of a Meeting in accordance with the Provisions for the Meetings of Noteholders, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such holders of such Notes;

2.2 Interpretation

Any reference in the Conditions to:

“continuing”, in respect of an Event of Default, shall be construed as a reference to an Event of Default which has not been waived in writing in accordance with the terms of the Conditions or, as the case may be, the relevant Transaction Document or which has not been remedied;

a “class” shall be a reference to a class of the Notes being the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes or the Class Z Note and “classes” shall be construed accordingly;
“including” shall be construed as a reference to “including without limitation”, so that any list of items or matters appearing after the word “including” shall be deemed not to be an exhaustive list, but shall be deemed rather to be a representative list, of those items or matters forming a part of the category described prior to the word “including”;

“indebtedness” shall be construed so as to include any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

a “law” shall be construed as any law (including common or customary law), statute, constitution, decree, judgment, treaty, regulation, directive, bye-law, order or any other legislative measure of any government, supranational, local government, statutory or regulatory body or court;

a “person” shall be construed as a reference to any person, firm, company, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing;

“principal” shall, where applicable, include premium;

“reasonable” or “reasonably” and similar expressions when used in any of the Transaction Documents relating to the Trustee and any exercise of power, opinion, determination or other similar matter shall be construed as meaning reasonable or reasonably (as the case may be) having regard to, and taking into account the interests of the Noteholders only, and “acting reasonably” means, in relation to the Trustee, if acting reasonably in the interests of the Noteholders;

“redeem” and “pay” shall each include both of the others and “redeemed”, “redeemable” and “redemption” and “paid”, “payable” and “payment” shall be construed accordingly;

a “successor” of any party shall be construed so as to include an assignee or successor in title of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party under any Transaction Document or to which, under such laws, such rights and obligations have been transferred; and

a reference to any person defined as a “Transaction Party” in the Conditions shall be construed so as to include its and any subsequent successors and permitted transferees in accordance with their respective interests and, in relation to the Trustee, shall include any person for the time being acting as trustee or trustees pursuant to the Trust Documents.

2.3 **Transaction Documents and other agreements**

Any reference to any document defined as a Transaction Document or any other agreement or document shall be construed as a reference to such Transaction Document or, as the case may be, such other agreement or document as the same may have been, or may from time to time be, amended, varied, novated, supplemented or replaced.

2.4 **Statutes and Treaties**

Any reference to a statute or treaty shall be construed as a reference to such statute or treaty as the same may have been, or may from time to time be, amended or, in the case of a statute, re-enacted.

2.5 **Schedules**

Any Schedule of, or Appendix to, a Transaction Document forms part of such Transaction Document and shall have the same force and effect as if the provisions of such Schedule or Appendix were set out in the body of such Transaction Document. Any reference to a Transaction Document shall include any such Schedule or Appendix.
2.6 **Headings**
Condition headings are for ease of reference only.

2.7 **Sections**
Except as otherwise specified in the Condition, reference in the Conditions to:

2.7.1 a “**Section**” shall be construed as a reference to a Section of such Transaction Document;

2.7.2 a “**Part**” shall be construed as a reference to a Part of such Transaction Document;

2.7.3 a “**Schedule**” shall be construed as a reference to a Schedule of such Transaction Document;

2.7.4 a “**Clause**” shall be construed as a reference to a Clause of a Part or Section (as applicable) of such Transaction Document; and

2.7.5 a “**Paragraph**” shall be construed as a reference to a Paragraph of a Schedule of such Transaction Document.

2.8 **Number**
In any Transaction Document, save where the context otherwise requires, words importing the singular number include the plural and vice versa.

3 **Form, Denomination and Title**

3.1 **Form and Denomination**
The Rated Notes are in bearer form in the Minimum Denomination with Coupons attached at the time of issue. Title to the Global Notes, the Definitive Notes and the Coupons will pass by delivery.

The Class Z Note is in definitive registered form. Title to the Class Z Note shall only pass by and upon registration of the transfer in the Class Z Note Register.

3.2 **Title**
In respect of the Rated Notes, the holder of any Global Note, Definitive Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (including the making of any payment) whether or not any payment is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof and no person shall be liable for so treating such holder.

The person registered in the Class Z Note Register as a holder of a Class Z 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 Class Z Note regardless of any notice of ownership, theft or loss, of any trust or other interest therein or of any writing thereon or any notice of any previous loss or theft thereof, and no person shall be liable for so treating such holder. If more than one person is named in the Class Z Register as a holder, the first named of such persons who will be treated as the absolute owner of such Class Z Note.

4 **Status and Ranking**

4.1 **Status**
The Notes and the Coupons relating thereto constitute secured obligations of the Issuer.
4.2 **Ranking**
Each class of Notes will at all times rank without preference or priority *pari passu* and rateably amongst themselves.

4.3 **Sole Obligations**
The Notes and the Coupons are obligations solely of the Issuer and are not obligations of, or guaranteed by, any of the other Transaction Parties.

4.4 **Priority of Interest Payments**
Payments of interest on the Class A Notes will at all times rank in priority to payments of interest on the Class B Notes, the Class C Notes, the Class D Notes and the Class Z Note, payments of interest on the Class B Notes will at all times rank in priority to payments of interest on the Class C Notes, the Class D Notes and the Class Z Note, payments of interest on the Class C Notes will at all times rank in priority to payments of interest on the Class D Notes and the Class Z Note, payments of interest on the Class D Notes will at all times rank in priority to payments of interest on the Class Z Note, in accordance with the Pre-Enforcement Revenue Payments Priorities.

4.5 **Priority of Principal Payments**
Payments of principal on the Class A Notes will at all times rank in priority to payments of principal on the Class B Notes, the Class C Notes, the Class D Notes and the Class Z Note, payments of principal on the Class B Notes will at all times rank in priority to payments of principal on the Class C Notes, the Class D Notes and the Class Z Note, payments of principal on the Class C Notes will at all times rank in priority to payments of principal on the Class D Notes and the Class Z Note, payments of principal on the Class D Notes will at all times rank in priority to payments of principal on the Class Z Note, in accordance with the Pre-Enforcement Principal Payments Priorities.

4.6 **Payment Priorities**
Prior to the delivery of an Enforcement Notice, the Issuer is required to apply Available Revenue Funds and Available Principal Funds in accordance with the Pre-Enforcement Payments Priorities and thereafter monies will be applied by the Trustee (or the Cash Manager on its behalf) in accordance with the Post-Enforcement Payments Priorities.

5 **Security**

5.1 **Security**
The Notes are secured by the Security.

5.2 **Enforceability**
The Security will become enforceable upon the delivery by the Trustee of an Enforcement Notice in accordance with Condition 12 (Events of Default) and subject to the matters referred to in Condition 13 (Enforcement).

6 **Issuer Covenants**
The Issuer makes the Issuer Covenants in favour of the Trustee, which, amongst other things, restrict the ability of the Issuer to create or incur any indebtedness (save as permitted in the Trust Deed), dispose of assets or change the nature of its business. So long as any Note remains outstanding, the Issuer shall comply with the Issuer Covenants.
7 Interest

7.1 Accrual of Interest
Each Note bears interest on its Principal Amount Outstanding from the Closing Date.

7.2 Cessation of Interest
The Notes shall cease to bear interest from its due date for final redemption unless, upon due presentation, payment of the principal is improperly withheld or refused, in which case, it will continue to bear interest in accordance with this Condition (both before and after judgment) until whichever is the earlier of:

7.2.1 the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and

7.2.2 the day which is seven days after the Principal Paying Agent or the Trustee has notified the relevant Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

7.3 Calculation Period of less than 1 year
Whenever it is necessary to compute an amount of interest in respect of any Note for a period of less than a full year, such interest shall be calculated on the basis of the applicable Day Count Fraction.

7.4 Interest Payments
Interest on the Notes is payable in Sterling in arrear on each Interest Payment Date commencing on the First Interest Payment Date, in an amount equal to the Interest Amount in respect of such Note for the Interest Period ending on the day immediately preceding such Interest Payment Date.

7.5 Calculation of Interest Amount
Upon or as soon as practicable after each Interest Determination Date, the Issuer shall calculate (or shall cause the Agent Bank to calculate) the Interest Amount payable on the Notes for the related Interest Period.

7.6 Notification of Note Rate, Interest Amount and Interest Payment Date
As soon as practicable after each Interest Determination Date, the Agent Bank will cause:

7.6.1 the Note Rate for each class of the Notes for the related Interest Period;

7.6.2 the Interest Amount for each class of the Notes for the related Interest Period; and

7.6.3 the Interest Payment Date next following the related Interest Period;

to be notified to the Issuer, the Cash Manager, the Trustee, the Principal Paying Agent and, for so long as the relevant Rated Notes are listed on the Stock Exchange, the Stock Exchange.

7.7 Publication of Note Rate, Interest Amount and Interest Payment Date
As soon as practicable after receiving each notification of the Note Rates in respect of each class of Notes, the Interest Amount and the Interest Payment Date in accordance with Condition 7.6 (Notification of Note Rate, Interest Amount and Interest Payment Date) the Issuer will cause such Note Rates for the Notes and the Interest Amounts for the Notes and the next following Interest Payment Date to be published by the Agent Bank in accordance with the Notices Condition.
7.8 Amendments to Publications
The Notes Rate and the Interest Amounts for each class of Notes and the Interest Payment Date so published 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 relevant Interest Period.

7.9 Determination or Calculation by Trustee
If neither the Issuer nor the Agent Bank (as applicable) at any time for any reason determines the Note Rates or the Interest Amounts for the Notes in accordance with this Condition, the Trustee (or an agent appointed by it) may (but without any liability accruing to the Trustee as a result):

7.9.1 determine the Note Rates at such rates as, in its absolute discretion (having such regard as it shall think fit to the procedure described in this Condition), it shall deem fair and reasonable in all the circumstances; and/or

7.9.2 calculate the Interest Amounts in the manner specified in this Condition, and any such determination and/or calculation shall be deemed to have been made by the Agent Bank.

7.10 Interest Accrual
7.10.1 To the extent that funds available to the Issuer to pay interest on the Notes of any class (other than the Class A Notes) on an Interest Payment Date are insufficient to pay the full amount of such interest, payment of the shortfall in respect of such class of Notes ("Deferred Interest") will not then fall due but will instead be deferred 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 and subject to and in accordance with these Conditions) to fund the payment of such Deferred Interest to the extent of such available funds.

7.10.2 Such Deferred Interest will accrue interest ("Additional Interest") at the rate of interest applicable from time to time to such Notes and such portion of interest (as determined by this Condition 7 and payment of any Additional Interest will also be deferred until the first Interest Payment Date thereafter on which funds are available (subject to and in accordance with these Conditions) to the Issuer to pay such Additional Interest to the extent of such available funds.

7.10.3 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 each respective class of Notes falls to be redeemed in full in accordance with Condition 8 (Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation) 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.

8 Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation

8.1 Final Redemption
Unless previously redeemed and cancelled as provided in this Condition 8, the Issuer shall redeem the Notes of each class at their Principal Amount Outstanding on the Final Maturity Date together with any accrued (and unpaid) interest up to (and including) the Final Maturity Date.

8.2 Redemption by Optional Portfolio Purchase
On the occurrence of the Optional Portfolio Purchase Completion Date, the consideration received by the Issuer will be applied in accordance with the Pre-Enforcement Payments Priorities on the immediately succeeding Interest Payment Date with the result that the Notes will be redeemed together with all accrued but unpaid interest thereon in full in accordance with this Condition 8.2.
The Issuer shall cause the exercise of the Portfolio Option to be notified to the Noteholders and the other Secured Creditors in accordance with the Notices Condition as soon as practicable after receipt of the notice to exercise the Portfolio Option by the Portfolio Option Holder.

8.3 **Mandatory Redemption in part**

On each Interest Payment Date prior to the delivery of an Enforcement Notice, the Issuer is required to apply Available Principal Funds in accordance with the Pre-Enforcement Principal Payments Priorities, which shall include the redemption of the Notes to the extent that there are such amounts available to do so in accordance with the Pre-Enforcement Principal Payments Priorities.

8.4 **Optional Redemption in whole**

The Issuer may redeem all (but not some only) of the Notes in each class at their Principal Amount Outstanding on any Interest Payment Date when, on the related Calculation Date, the aggregate of the Principal Amount Outstanding of the outstanding Notes is less than 10 per cent. of the Principal Amount Outstanding of all of the Notes as at the Closing Date, subject to the following:

8.4.1 no Enforcement Notice has been delivered by the Trustee;

8.4.2 the Issuer has given not more than 60 nor less than 14 days’ notice to the Trustee and the Noteholders in accordance with the Notices Condition of its intention to redeem all (but not some only) of the Notes in each class; and

8.4.3 prior to giving any such notice, the Issuer shall have provided to the Trustee a certificate signed by two directors of the Issuer to the effect that it will have the funds on the relevant Interest Payment Date, not subject to the interest of any other person, required to redeem the Notes pursuant to this Condition and meet its payment obligations of a higher priority under the Pre-Enforcement Principal Payments Priorities.

8.5 **Optional Redemption on the Third Anniversary of the Closing Date**

The Issuer may redeem all (but not some only) of the Notes in each class at their Principal Amount Outstanding on any Interest Payment Date after the third anniversary of the Closing Date, subject to the following:

8.5.1 no Enforcement Notice has been delivered by the Trustee;

8.5.2 the Issuer has given not more than 60 nor less than 14 days’ notice to the Trustee and the Noteholders in accordance with the Notices Condition of its intention to redeem all (but not some only) of the Notes in each class; and

8.5.3 prior to giving any such notice, the Issuer shall have provided to the Trustee a certificate signed by two directors of the Issuer to the effect that it will have the funds on the relevant Interest Payment Date, not subject to the interest of any other person, required to redeem the Notes pursuant to this Condition and meet its payment obligations of a higher priority under the Pre-Enforcement Principal Payments Priorities.

8.6 **Optional Redemption in whole for taxation reasons**

The Issuer may redeem all (but not some only) of the Notes in each class at their Principal Amount Outstanding, on any Interest Payment Date:

8.6.1 after the date on which, by virtue of a change in Tax law (or the application or official interpretation of Tax law), the Issuer (or the Paying Agents on the Issuer's behalf) is to make
any payment in respect of the Notes and the Issuer (or the Paying Agents on the Issuer's behalf) would be required to make a Tax Deduction in respect of such relevant payment; or

8.6.2 after the date on which, by virtue of a change in the Tax law (or the application or official interpretation of Tax law), the Issuer would be subject to United Kingdom corporation tax in an accounting period on an amount which materially exceeds the aggregate Issuer Profit Amount retained during that accounting period;

subject to the following:

8.6.3 no Enforcement Notice has been delivered by the Trustee;

8.6.4 that the Issuer has given not more than 60 nor less than 14 days' notice to the Trustee and the Noteholders in accordance with the Notices Condition of its intention to redeem all (but not some only) of the Notes in each class; and

8.6.5 that prior to giving any such notice, the Issuer has provided to the Trustee:

(a) in the case of Condition 8.6.1 and 8.6.2, a legal opinion (in form and substance satisfactory to the Trustee) from a firm of lawyers in the applicable jurisdiction (approved in writing by the Trustee), opining on the relevant change in Tax law; and

(b) in the case of Condition 8.6.2, a certificate signed by two directors of the Issuer to the effect that the obligation to make a Tax Deduction cannot be avoided; and

(c) in the case of Condition 8.6.2, a certificate signed by two directors of the Issuer to the effect that their liability to corporation tax in an accounting period would be in respect of an amount which materially exceeds the aggregate Issuer Profit Amount retained during that accounting period;

(d) in the case of Conditions 8.6.1 and 8.6.2 above, a certificate signed by two directors of the Issuer to the effect that it will have the funds on the relevant Interest Payment Date, not subject to the interest of any other person, required to redeem the Notes pursuant to this Condition and meet its payment obligations of a higher priority under the Pre–Enforcement Principal Priority of Payments.

8.7 Calculation of Note Principal Payment and Principal Amount Outstanding

Not later than the Cash Manager Determination Date, the Issuer shall cause the Cash Manager to calculate (and the Cash Manager will calculate on behalf of the Issuer):

8.7.1 the aggregate of the Note Principal Payments due in relation to each Note on the Interest Payment Date immediately succeeding such Cash Manager Determination Date; and

8.7.2 the Principal Amount Outstanding of each Note on the Interest Payment Date immediately succeeding such Cash Manager Determination Date (after deducting any Note Principal Payment due to be made on that Interest Payment Date).

8.8 Calculations final and binding

Each calculation by or on behalf of the Issuer of any Note Principal Payment or of the Principal Amount Outstanding of a Note shall in each case (in the absence of manifest error) be final and binding on all persons.
8.9 **Trustee to determine amounts in case of Issuer default**

If the Issuer does not at any time for any reason calculate (or cause the Cash Manager to calculate) any Note Principal Payment due in relation to each Note or the Principal Amount Outstanding in relation to each Note in accordance with this Condition 8.9, such amounts may be calculated by the Trustee or an agent appointed by it (without any liability accruing to the Trustee as a result) in accordance with this Condition 8.9 (based on information supplied to it by the Issuer or the Cash Manager) and each such calculation shall be deemed to have been made by the Issuer.

8.10 **Conclusiveness of certificates and legal opinions**

Any certificate and legal opinion given by or on behalf of the Issuer pursuant to Condition 8.4 *(Optional Redemption in whole)*, Condition 8.5 *(Option Redemption on the Third Anniversary of the Closing Date)* and Condition 8.6 *(Optional Redemption in whole for taxation reasons)* may be relied on by the Trustee without further investigation, without liability to any other person and shall be conclusive and binding on the Noteholders, the Trustee and on the other Secured Creditors.

8.11 **Notice of Calculation**

The Issuer will cause each calculation of the aggregate of the Note Principal Payment due in relation to each Note or the Principal Amount Outstanding in relation to each Note to be notified immediately after calculation by the Cash Manager to the Trustee, the Agents and, for so long as the Rated Notes are listed on the Stock Exchange, the Stock Exchange and will immediately cause details of each such calculation of the Principal Amount Outstanding in relation to the Notes to be published in accordance with the Notices Condition by not later than two Business Days prior to each Interest Payment Date.

8.12 **Notice of no Note Principal Payment**

If no Note Principal Payment is due to be made on the Notes on any Interest Payment Date, a notice to this effect will be given to the Noteholders in accordance with the Notices Condition by not later than two Business Days prior to such Interest Payment Date.

8.13 **Notice irrevocable**

Any such notice as is referred to in Condition 8.4 *(Optional Redemption in whole)* or Condition 8.6 *(Optional Redemption in whole for taxation reasons)* or Condition 8.11 *(Notice of Calculation)* shall be irrevocable and the Issuer shall be bound to redeem the Notes to which such notice relates at their Principal Amount Outstanding if effected pursuant to Condition 8.4 *(Optional Redemption in whole)* or Condition 8.6 *(Optional Redemption in whole for taxation reasons)* and in an amount equal to the Note Principal Payment in respect of each Note calculated in respect of the relevant Interest Payment Date if effected pursuant to Condition 8.3 *(Mandatory Redemption in part)*.

8.14 **Cancellation of redeemed Notes**

All Notes redeemed in full will be cancelled forthwith by the Issuer together with all unmatured Coupons appertaining thereto or surrendered therewith, and no Global Notes, Definitive Notes or Coupons may be reissued or resold.

On each Interest Payment Date on which the Class Z Note is redeemed pursuant to Condition 8.3 *(Mandatory Redemption in part)*, the Class Z Note Registrar shall cancel the Class Z Note in an amount equal to such mandatory redemption, thereby reducing the nominal principal amount of the Class Z Note by an amount equal to such mandatory redemption. The Class Z Note will be cancelled when redeemed in full and may not be reissued or resold.
8.15 *Reference Banks and Agents*

The Issuer shall ensure that, so long as any of the Notes remain outstanding there shall at all times be an Agent Bank and a Principal Paying Agent. In the event of an Agent being unable or unwilling to continue to act as an Agent, the Issuer shall appoint such other person as may be previously approved in writing by the Trustee to act as such in its place. The Agent Bank and/or Principal Paying Agent may not resign until a successor agent bank is appointed in accordance with the Agency Agreement. Notice of any change in any of the Agents or in their Specified Offices shall promptly be given by the Issuer to the Noteholders in accordance with the Notices Condition.

9 **Limited Recourse**

9.1 If at any time following:

9.1.1 the occurrence of either:

(a) the Final Maturity Date or any earlier date upon which all of the Notes are due and payable; or

(b) the service of an Enforcement Notice; and

9.1.2 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 Payments Priorities,

the proceeds of such Realisation are insufficient, after payment of all other claims ranking in priority in accordance with the applicable Payments Priorities, to pay in full all amounts then due and payable under the Notes then the amount remaining to be paid (after such application in full of the amounts first referred to in paragraph 9.1.2 above) under the Notes shall, on the day following such application in full of the amounts referred to in paragraph 9.1.2 above, cease to be due and payable by the Issuer.

10 **Payments**

10.1 *Principal*

Payments of principal shall be made only against:

10.1.1 (in the case of final redemption, provided that payment is made in full) presentation and surrender of the relevant Notes; and

10.1.2 in respect of any Note Principal Payment which becomes due on an Interest Payment Date, presentation and endorsement of the relevant Notes,

at the Specified Office of any Paying Agent (in respect of the Rated Notes) or at the Specified Office of the Class Z Note Registrar (in respect of the Class Z Note) outside the United States by cheque drawn in Sterling, or by transfer to an account in Sterling maintained by the payee with a bank in London.

10.2 *Interest*

Payments of interest shall, subject to Condition 10.5 (*Payments on business days*), be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in Condition 10.1 (*Principal*). No commissions or expenses shall be charged to the Noteholders in respect of such payments.
In respect of the Class Z Note, payments of interest shall be made to the person(s) shown on the Class Z Note Register at the close of business on the business day before the due date for payment thereof in the manner described in Condition 10.1 (Principal).

10.3 **Payments subject to fiscal laws**

A payment will be subject in all cases to any other applicable fiscal or other laws and regulations in the place of payment or other laws and regulations to which the Issuer agrees to be subject, and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations or agreements.

10.4 **Unmatured Coupons Void**

On the due date for final redemption of any Note pursuant to Condition 8 (Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation) or Condition 12 (Events of Default), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

10.5 **Payments on business days**

If any Note or Coupon is presented for payment on a day which is not a business day in the place of presentation, payment shall not be made on such day but on the next succeeding business day in such place and no further interest or other payment in respect of any such delay shall be due in respect of such Note or Coupon.

10.6 **Business Days**

In this Condition 10, “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 an account in Sterling.

10.7 **Other Interest**

Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States.

10.8 **Partial Payments**

If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse on such Note or Coupon a statement indicating the amount and date of such payment.

If a Paying Agent makes a partial payment in respect of the Class Z Note, the Class Z Note Registrar will, in respect of the Class Z Note, annotate the Class Z Note Register, indicating the amount and date of such payment.

10.9 **Notifications to be final**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of these Conditions, whether by the Reference Banks (or any of them), the Cash Manager, the Paying Agents, the Agent Bank, the Class Z Note Registrar or the Trustee shall (in the absence of any manifest error) be binding on the Issuer and all Noteholders and Couponholders and (in the absence of any Breach of Duty or manifest error) no liability to the Trustee, the Noteholders or the Couponholders shall attach to the Reference Banks, the Cash Manager, the Agents, or the Trustee in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions under these Conditions.
11 Taxation

11.1 Payments free of Tax
All payments of principal and interest in respect of the Notes or Coupons shall be made free and clear of, and without withholding or deduction for, any Taxes imposed, levied, collected, withheld or assessed, unless the Issuer, the Trustee, the Paying Agents or the Class Z Note Registrar (as the case may be) are required by law to make any Tax Deduction. In that event, the Issuer, the Trustee, the Paying Agents or the Class Z Note Registrar (as the case may be) shall make such payments after such Tax Deduction and shall account to the relevant authorities for the amount so withheld or deducted.

11.2 No payment of additional amounts
None of the Issuer, the Trustee or the Paying Agents will be obliged to pay any additional amounts to the Noteholders as a result of any such Tax Deduction.

11.3 Taxing Jurisdiction
If the Issuer becomes subject at any time to any taxing jurisdiction other than the Issuer Jurisdiction, references in these Conditions to the Issuer Jurisdiction shall be construed as references to the Issuer Jurisdiction and/or such other jurisdiction.

11.4 Tax Deduction not Event of Default
Notwithstanding that the Trustee, the Issuer or the Paying Agents are required to make a Tax Deduction, making such deduction shall not constitute an Event of Default.

12 Events of Default

12.1 Events of Default
Subject to the other provisions of this Condition 12, each of the following events shall be treated as an “Event of Default”:

12.1.1 Non-payment: the Issuer fails to pay any amount of principal in respect of the Most Senior Class of Notes within five days of the due date for payment of such principal or fails to pay any amount of interest in respect of the Most Senior Class of Notes within ten days of the due date for payment of such interest (provided that, for the avoidance of doubt, a deferral of interest in respect of a class of Notes (other than the Class A Notes) in accordance with Condition 7.10 (Interest Accrual) shall not constitute a default in the payment of such interest for the purposes of this Condition 12); or

12.1.2 Breach of other obligations: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes or under the Transaction Documents and such default (a) is, in the opinion of the Trustee, incapable of remedy or (b) being a default which is, in the opinion of the Trustee, capable of remedy, remains unremedied for 30 days or such longer period as the Trustee may agree after the Trustee has given written notice of such default to the Issuer; or

12.1.3 Insolvency Event: an Insolvency Event occurs in relation to the Issuer.

12.2 Delivery of Enforcement Notice
If an Event of Default occurs and is continuing, the Trustee may at its discretion and shall:

12.2.1 if so requested in writing by the holders of at least 25 per cent. of the Principal Amount Outstanding of the Most Senior Class of Notes then outstanding; or
12.2.2 if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding,

deliver an Enforcement Notice to the Issuer with a copy to the Master Servicer.

12.3 **Conditions to delivery of Enforcement Notice**

Notwithstanding Condition 12.2 (*Delivery of Enforcement Notice*) the Trustee shall not:

12.3.1 deliver an Enforcement Notice following the occurrence of any of the events mentioned in Condition 12.1.2 (*Breach of other obligations*), unless and until the Trustee shall have certified in writing that such event is in its opinion materially prejudicial to the interests of the holders of the Most Senior Class of Notes outstanding; and

12.3.2 be obliged to deliver an Enforcement Notice unless it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

12.4 **Consequences of delivery of Enforcement Notice**

Upon the delivery of an Enforcement Notice, the Notes shall become immediately due and payable without further action or formality at their Principal Amount Outstanding together with any accrued interest due but not paid.

13 **Enforcement**

13.1 **Proceedings**

At any time after the delivery of an Enforcement Notice the Trustee may at its discretion and without further notice, institute such proceedings or take any other action or step as it thinks fit to enforce its rights under the Trust Deed in respect of the Notes and under the other Transaction Documents and/or enforce the Security, but it shall not be bound to do so unless:

13.1.1 so requested in writing by the holders of at least 25 per cent. of the Principal Amount Outstanding of the Most Senior Class of Notes then outstanding; or

13.1.2 so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding,

and in any such case, only if it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

13.2 **Directions to the Trustee**

If the Trustee shall take any action, step or proceedings described in Condition 13.1 (*Proceedings*) it may take such action, step or proceedings without having regard to the effect of such action on individual Noteholders, Couponholders or any other Secured Creditor.

13.3 **Restrictions on disposal of Issuer’s assets**

If an Enforcement Notice has been delivered by the Trustee otherwise than by reason of non-payment of any amount due in respect of the Notes, the Trustee will not be entitled to dispose of the Charged Property or any part thereof unless either:

13.3.1 a sufficient amount (in the opinion of an investment bank or other financial adviser) would be realised to allow payment in full of all amounts owing to the holders of the Notes and the
Coupons relating thereto after payment of all other claims ranking in priority to the Notes in accordance with the Post-Enforcement Payments Priorities; or

13.3.2 the Trustee is of the opinion, which shall be binding on the Noteholders and the other Secured Creditors, 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 (and if the Trustee is unable to obtain such advice having made reasonable efforts to do so this Condition 13.3.2 shall not apply), 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 due in respect of the Notes and the Coupons relating thereto after payment of all other claims ranking in priority to the Notes in accordance with the Post-Enforcement Payments Priorities;

provided that the Trustee shall not be bound to make the determinations contained in Condition 13.3.1 or 13.3.2 unless the Trustee shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

13.4 *Third Party Rights*

No person shall have any right to enforce any Condition or any provision of the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

14 *No action by Noteholders, Couponholders or any other Secured Creditor*

14.1 Only the Trustee may pursue the remedies available under the general law or under the Trust Documents to enforce the Security or any other Transaction Document to which the Trustee is a party and no Noteholder, Couponholders or other Secured Creditor shall be entitled to proceed directly against the Issuer to enforce the Security or pursue remedies available under or enforce any Transaction Document to which the Trustee is a party. In particular, none of the Noteholders, Couponholders or any other Secured Creditor (nor any person on its or their behalf, other than the Trustee where appropriate) are entitled:

14.1.1 otherwise than as permitted by these Conditions, to direct the Trustee to enforce the Security or take any proceedings against the Issuer to enforce the Security or any other Transaction Document to which the Trustee is a party;

14.1.2 to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due by the Issuer to such Noteholders, Couponholders or any other Secured Creditors; or

14.1.3 until the date falling two years after the Final Discharge Date, to initiate or join any person in initiating any Insolvency Event in relation to the Issuer; or

14.1.4 to take or join in the taking of any steps or proceedings which would result in the Payments Priorities not being observed.

15 *Meetings of Noteholders*

15.1 *Convening*

The Trust Deed contains “Provisions for Meetings of Noteholders” for convening separate or combined meetings of Noteholders to consider matters relating to the Notes, including the
modification of any provision of these Conditions or the Trust Deed which modifications may be sanctioned by an Extraordinary Resolution.

15.2 **Separate and combined meetings**

The Trust Deed and the Security Deed provide that:

15.2.1 an Extraordinary Resolution which in the opinion of the Trustee affects the Notes of only one class shall be transacted at a separate meeting of the Noteholders of that class;

15.2.2 an Extraordinary Resolution which in the opinion of the Trustee affects the Noteholders of more than one class of Notes but does not give rise to an actual or potential conflict of interest between the Noteholders of one class of Notes and the holders of another class of Notes shall be transacted either at separate meetings of the Noteholders of each such class or at a single meeting of the Noteholders of all such classes of Notes as the Trustee shall determine in its absolute discretion; and

15.2.3 an Extraordinary Resolution which in the opinion of the Trustee affects the Noteholders of more than one class and gives rise to any actual or potential conflict of interest between the Noteholders of one class of Notes and the Noteholders of any other class of Notes shall be transacted at separate meetings of the Noteholders of each such class.

15.3 **Request from Noteholders**

A meeting of Noteholders of a particular class may be convened by the Trustee or the Issuer at any time and must be convened by the Trustee (subject to its being indemnified and/or secured and/or prefunded to its satisfaction) upon the request in writing of Noteholders of a particular class holding not less than 10 per cent. of the aggregate Principal Amount Outstanding of the outstanding Notes of that class.

15.4 **Quorum**

The quorum at any meeting convened to vote on:

15.4.1 an Extraordinary Resolution, other than regarding a Reserved Matter, will be one or more persons holding or representing a majority of the Principal Amount Outstanding of the outstanding Notes in that class or classes or, at any adjourned meeting, one or more persons being or representing Noteholders of that class or those classes, whatever the Principal Amount Outstanding of the outstanding Notes so held or represented in such class or classes; and

15.4.2 an Extraordinary Resolution relating to a Reserved Matter (which must be proposed separately to each class of Noteholder) will be one or more persons holding or representing in the aggregate 75 per cent. of the Principal Amount Outstanding of the outstanding Notes in the relevant class or classes or, at any adjourned meeting, one or more persons holding or representing not less than in the aggregate 25 per cent. of the Principal Amount Outstanding of the outstanding Notes in the relevant class or classes.

15.5 **Relationship between classes**

In relation to each class of Notes:

15.5.1 no Extraordinary Resolution to approve a Reserved Matter of any one class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other classes of Notes (to the extent that there are outstanding Notes in each such other classes);
15.5.2 no Extraordinary Resolution to approve any matter other than a Reserved Matter of any class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other classes of Notes ranking senior to such class (to the extent that there are outstanding Notes ranking senior to such class); and

15.5.3 any resolution passed at a Meeting of Noteholders of one or more classes of Notes duly convened and held in accordance with the Trust Deed shall be binding upon all Noteholders of such class or classes, whether or not present at such Meeting and whether or not voting and, except in the case of a meeting relating to a Reserved Matter, any resolution passed at a meeting of the holders of the Most Senior Class of Notes duly convened and held as aforesaid shall also be binding upon the holders of all the other classes of Notes.

15.6 Resolutions in writing
A Written Resolution shall take effect as if it were an Extraordinary Resolution.

16 Modification and Waiver

16.1 Modification
The Trustee may at any time and from time to time, without the consent or sanction of the Noteholders or any other Secured Creditors, concur with the Issuer and any other relevant parties in making:

16.1.1 (other than in respect of a Reserved Matter or any provisions of the Trust Documents referred to in the definition of Reserved Matter) any modification to these Conditions, the Trust Documents, the Notes, any Instrument or the other Transaction Documents in relation to which its consent is required which, in the opinion of the Trustee, will not be materially prejudicial to the holders of the Most Senior Class of Notes; or

16.1.2 any modification to Trust Documents, the Notes, the Conditions, any Instrument or the other Transaction Documents in relation to which its consent is required, if, in the opinion of the Trustee, such modification is of a formal, minor or technical nature or is made to correct a manifest error.

16.2 Waiver
In addition, the Trustee may, at any time and from time to time at its sole discretion without the consent of the Noteholders or any other Secured Creditor concur with the Issuer or any other relevant parties in authorising or waiving any breach or proposed breach (other than any breach or proposed breach which relates to a Reserved Matter or any provisions of the Trust Documents referred to in the definition of Reserved Matter) of any of the covenants or provisions contained in the Trust Documents, the Instruments or any of the other Transaction Documents (including an Event of Default or Potential Event of Default) if, in the opinion of the Trustee, the holders of the Most Senior Class of Notes will not be materially prejudiced by such authorisation or waiver.

16.3 Restriction on power to waive
16.3.1 The Trustee shall not exercise any powers conferred upon it by Condition 16.1 (Modification) or Condition 16.2 (Waiver) in contravention of any express direction by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding or of a request or direction in writing made by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding, but so that no such direction or request shall affect any authorisation, waiver, modification or determination previously given or made.
16.3.2 The Trustee shall not authorise or waive any such proposed breach or breach relating to a Reserved Matter or any provisions of the Trust Documents referred to in the definition of Reserved Matter unless the holders of the outstanding Notes have, by Extraordinary Resolution, so authorised its exercise.

16.4 Additional Right of Modification

16.4.1 Subject to the provisions of Condition 16.1 (Modification), the Trustee shall be obliged, without the consent or sanction of the Noteholders or any of the other Secured Creditors (subject to the receipt of consent from any of the Secured Creditors party to the Transaction Document being modified or who would need to be a party to a new, supplemental or additional agreement, or which, as a result of the relevant amendment, would be further contractually subordinated to any Secured Creditor other than would otherwise have been the case prior to such amendment), to concur with the Issuer and any other relevant parties in making any modification (other than in respect of a Reserved Matter or any provisions of the Trust Documents referred to in the definition of Reserved Matter) to these Conditions or any other Transaction Documents to which it is a party or in relation to which it holds security or the Issuer entering into new, supplemental or additional documents that the Issuer considers necessary for the purpose of complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time, provided that in relation to any amendment under this Condition 16.4 (Additional Right of Modification):

(i) the Issuer certifies in writing to the Trustee that such modification is necessary to comply with such criteria, or as the case may be, is solely to implement and reflect such criteria; and

(ii) in the case of any modification of a Transaction Document proposed by any of the Master Servicer and/or the Transaction Account Bank in order (x) to remain eligible to perform its role in such capacity in conformity with such criteria and/or (y) to avoid taking action which it would otherwise be required to take to enable it to continue performing such role:

(A) the Master Servicer and/or the Transaction Account Bank, as the case may be, certifies in writing to the Issuer and the Trustee that such modification is necessary for the purposes described in paragraph (ii)(x) and/or (y) (and in the case of a certification provided to the Issuer, the Issuer shall certify to the Trustee that it has received the same from the Master Servicer and/or the Transaction Account Bank, as the case may be);

(B) either:

(1) the Master Servicer and/or the Transaction Account Bank, as the case may be, obtains from each of the Rating Agencies written confirmation (or certifies in writing to the Issuer and the Trustee that it has been unable to obtain written confirmation, but has received oral confirmation from an appropriately authorised person at each of the Rating Agencies) that such modification would not result in a downgrade, withdrawal or suspension of the then current ratings assigned to the Most Senior Class of Notes by such Rating Agency and would not result in any Rating Agency placing any class of Rated Notes on rating watch negative (or equivalent) and, if relevant, delivers a copy of each such confirmation to the Issuer and the Trustee; or
(2) the Issuer certifies in writing to the Trustee that the Rating Agencies have been informed of the proposed modification and none of the Rating Agencies has indicated that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any class of Rated Notes by such Rating Agency or (y) such Rating Agency placing any Notes on rating watch negative (or equivalent);

(the certificate to be provided by the Issuer, the Master Servicer and/or the Transaction Account Bank, as the case may be, pursuant to paragraphs (i), (ii)(A) or (ii)(B) above being a “Modification Certificate”), provided that:

1. at least 30 calendar days’ prior written notice of any such proposed modification has been given to the Trustee;

2. the Modification Certificate in relation to such modification shall be provided to the Trustee (and in respect of paragraphs (ii)(A) and/or (ii)(B)(1), to the Issuer) both at the time the Trustee is notified of the proposed modification and on the date that such modification takes effect;

3. the consent of each Secured Creditor which is party to the relevant Transaction Document or whose contractual subordination in any Payments Priorities is affected has been obtained; and

4. the Issuer (or the Cash Manager on its behalf) certifies in writing to the Trustee (which certification may be in the Modification Certificate) that the Issuer has provided at least 30 calendar days’ notice to the Noteholders of each class of Notes of the proposed modification in accordance with Condition 21 (Notices) and by publication on Bloomberg on the “Company News” screen relating to the Notes, and Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have not contacted the Trustee in writing (or, in the case of the Rated Notes, otherwise in accordance with the then current practice of any applicable clearing system through which such Rated Notes may be held) within such notification period notifying the Trustee that such Noteholders do not consent to the modification.

If Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have notified the Trustee in writing (or, in the case of the Rated Notes, otherwise in accordance with the then current practice of any applicable clearing system through which such Rated Notes may be held) within the notification period referred to above that they 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 of Notes then outstanding is passed in favour of such modification in accordance with Condition 15 (Meetings of Noteholders). Notifications made other than through the applicable clearing systems must be accompanied by evidence to the Trustee’s satisfaction (having regard to the prevailing market practices) of the relevant Noteholder’s holding of the Notes.

16.4.2 Notwithstanding anything to the contrary in this Condition 16.4 (Additional Right of Modification) or any Transaction Document:
when implementing any modification pursuant to this Condition 16.4 (Additional Right of Modification) (save to the extent the Trustee considers that the proposed modification would constitute a Reserved Matter), 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 Modification Certificates) or evidence provided to it by the Issuer or the relevant Transaction Party, as the case may be, pursuant to this Condition 16.4 (Additional Right of Modification) 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

(b) the Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Trustee would have the effect of (i) exposing the Trustee to any Liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protection, of the Trustee in the Transaction Documents and/or these Conditions.

16.4.3 Any such modification shall be binding on all Noteholders.

16.4.4 For the avoidance of doubt, nothing in this Condition 16.4 (Additional Right of Modification) shall have the effect of waiving an Event of Default.

16.5 Notification

Unless the Trustee otherwise agrees, the Issuer shall cause any such authorisation, waiver, modification or determination to be notified to the Noteholders and the other Secured Creditors in accordance with the Notices Condition and the Transaction Documents, as soon as practicable after it has been made.

16.6 Binding Nature

Any authorisation, waiver, determination or modification referred to in Condition 16.1 (Modification) or Condition 16.2 (Waiver) shall be binding on the Instrumentholders and the other Secured Creditors.

17 Prescription

17.1 Principal

Claims for principal in respect of Notes shall become void unless the relevant Notes are presented for payment and surrendered or (in the case of any Note Principal Payment which became due on an Interest Payment Date) endorsement within 10 years of the appropriate Relevant Date.

17.2 Interest

Claims for interest in respect of Notes shall become void unless the relevant Coupons are presented for payment and surrendered within five years of the appropriate Relevant Date.

18 Replacement of Global Notes, Definitive Notes and Coupons

If any Global Note, Definitive Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent, subject to all applicable laws and Stock Exchange 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 reasonably require. Mutilated or defaced Global Notes, Definitive Notes and Coupons must be surrendered before replacements will be issued.
19 Trustee and Agents

19.1 Trustee’s right to Indemnity
Under the Transaction Documents, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid or reimbursed for any Liabilities incurred by it in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

19.2 Trustee not responsible for loss or for monitoring
The Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of the Charged Property or any documents of title thereto being uninsured or inadequately insured or being held by or to the order of the Master Servicer or by any person on behalf of the Trustee. The Trustee shall not be responsible for monitoring the compliance by any of the other Transaction Parties with their obligations under the Transaction Documents.

19.3 Regard to classes of Noteholders
In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Trustee will:

19.3.1 have regard to the interests of the Noteholders as a class and will not be responsible for any consequence for individual Noteholders or Couponholders as a result of such holders being domiciled or resident in, or otherwise connected in any way with, or subject to the jurisdiction of, a particular territory or taxing jurisdiction; and

19.3.2 have regard only to the holders of the Most Senior Class of Notes and will not have regard to the interests of the other Secured Creditors except to ensure the application of the Issuer’s funds after the delivery of an Enforcement Notice in accordance with the Post-Enforcement Payments Priorities.

19.4 Paying Agents solely agents of Issuer
In acting under the Agency Agreement and in connection with the Notes, the Paying Agents act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

19.5 Initial Paying Agents
The initial Paying Agents and their initial Specified Offices are listed below. The Issuer reserves the right (with the prior written approval of the Trustee) to vary or terminate the appointment of any Agent and to appoint a successor principal paying agent or agent bank and additional or successor paying agents at any time, having given not less than 30 days’ notice to such Agent.

19.6 Maintenance of Agents
The Issuer shall at all times maintain a Paying Agent, a principal paying agent and an agent bank which, in the case of any Paying Agent, shall make payments from an office in a member state of the European Union which does not require amounts payable under these Conditions to be withheld pursuant to the EU Savings Directive. Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders in accordance with the Notices Condition.
20 Substitution of Issuer

20.1 Substitution of Issuer

The Trustee may, without the consent of the Instrumentholders or any other Secured Creditor, subject to:

20.1.1 the consent of the Issuer; and

20.1.2 such further conditions as are specified in the Trust Deed,

agree to the substitution of a Substituted Obligor in place of the Issuer as the principal debtor in respect of the Transaction Documents, the Notes and the Secured Amounts.

20.2 Notice of Substitution of Issuer

Not later than 14 days after any substitution of the Issuer in accordance with this Condition 20, the Substituted Obligor shall cause notice of such substitution to be given to the Noteholders and the other Secured Creditors in accordance with the Notices Condition and the other relevant Transaction Documents.

20.3 Change of Law

In the case of a substitution pursuant to this Condition, the Trustee may in its absolute discretion agree, without the consent of the Noteholders or the other Secured Creditors to a change of the law governing the Notes or Coupons and/or any of the Transaction Documents provided that such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of the holders of the Most Senior Class of Notes, provided that the Issuer has notified the Rating Agencies.

20.4 No indemnity

No Noteholder shall, in connection with any such substitution, be entitled to claim from the Issuer any indemnification or payment in respect of any tax consequence of any such substitution upon individual Noteholders.

21 Notices

21.1 Valid Notices

In respect of the Notes, any notice to Noteholders shall be validly given if such notice is:

21.1.1

(a) in respect of Rated Notes represented by Global Notes, sent to the Clearing Systems for delivery to their accountholders; or

(b) published on the Relevant Screen; and

21.1.2 sent in such other manner as may be required by the Stock Exchange.

In respect of the Class Z Note, notices to the Class Z Noteholder will be sent by the Issuer to the fax number or email address of the Class Z Noteholder notified to the Issuer from time to time in writing.

21.2 Date of publication

Any notices so published shall be deemed to have been given on the date on which it was so sent or, as the case may be, on the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which publication is required or on the Relevant Screen.
21.3 Other Methods
The Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the Rated Notes are then listed and provided that notice of such other method is given to the relevant Noteholders in such manner as the Trustee shall require.

21.4 Couponholders deemed to have notice
The Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition 21.4.

22 Governing Law and Jurisdiction

22.1 Governing law
The Trust Documents and the Notes and all non-contractual obligations arising from or connected with them are governed by and shall be construed in accordance with English law.

22.2 Jurisdiction
The Courts of England (the “Courts”) are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes, the Coupons and the Transaction Documents (including a dispute relating to non-contractual obligations or a dispute regarding the existence, validity or termination of any of the Notes, Coupons or the Transaction Documents or the consequences of their nullity) and accordingly any legal action or proceedings arising out of or in connection with the Notes, Coupons and/or the Transaction Documents may be brought in such Courts.
USE OF PROCEEDS

The net proceeds from the issue of the Notes after deducting fees, expenses and commissions, if any, will equal £178,165,704 and will be used by the Issuer to pay the Initial Purchase Price to the Beneficial Title Seller for the Mortgage Portfolio in accordance with the Mortgage Sale Agreement and to fund the General Reserve Fund.
TAXATION

In this summary references to “Notes” and “Noteholder” excludes the Class Z Note and the Class Z Noteholder. The Class Z Noteholder is urged to consult their own tax advisers about the tax consequences under its circumstances of purchasing, holding and selling the Class Z Note under the laws of the United Kingdom, its political subdivisions and any other jurisdiction in which the Class Z Noteholder may be subject to tax.

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 not be binding and 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 Notes (other than in relation to the comments below concerning stamp duty). 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. 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.

The section also includes a discussion of certain relevant provisions of EU and US law.

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 within the meaning of section 1005 of the Income Tax Act 2007. 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 Financial Services and Markets Act 2000) 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.

The Stock Exchange 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 main market of the Stock Exchange may be 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.
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 Condition 20 (Substitution of Issuer) or otherwise and does not consider the tax consequences of any such substitution.

Provision of Information

Information Reporting

Information relating to securities may be required to be provided to HM Revenue & Customs in certain circumstances. This may include the value of the Notes, details of the holders or beneficial owners of the Notes (or the persons for whom the Notes are held), details of the persons to whom payments derived from the Notes are or may be paid and information and documents in connection with transactions relating to the Notes. Information may be required to be provided by, amongst others, the holders of the Notes, persons by (or via) whom payments derived from the Notes are made or who receive (or would be entitled to receive) such payments, persons who effect or are a party to transactions relating to the Notes on behalf of others and certain registrars or administrators. In certain circumstances, the information obtained by HM Revenue & Customs may be provided to tax authorities in other countries.

EU Savings Directive

Council Directive 2003/48/EC (the “Savings Directive”) requires EU Member States to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or for the benefit of) an individual resident, or certain other types of entity established, in that other EU Member State, except that Austria and Luxembourg will instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. The Luxembourg government has announced its intention to elect out of the withholding system in favour of an automatic exchange of information with effect from 1 January 2015.

The Council of the European Union has adopted a Council Directive amending the Savings Directive on 24 March 2014 (the “Amending Directive”) which will, when implemented, amend and broaden the scope of the requirements of the Savings Directive described above. The Amending Directive will expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities, and the circumstances in which payments must be reported or paid subject to withholding. For example, payments made to (or for the benefit of) (i) an entity or legal arrangement effectively managed in an EU Member State that is not subject to effective taxation, or (ii) a person, entity or legal arrangement established or effectively managed outside of the EU (and outside any third country or territory that has adopted similar measures to the Savings Directive) which indirectly benefit an individual resident in an EU Member State, may fall within the scope of the Savings Directive, as amended. The Amending Directive requires EU Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017.
Stamp Duty and stamp duty reserve tax

No United Kingdom stamp duty or stamp duty reserve tax is chargeable on the issue or transfer of the Notes.

U.S. Foreign Account Tax Compliance

Certain provisions of U.S. law, commonly known as “FATCA”, impose a new reporting and withholding regime with respect to (i) certain U.S. source payments, (ii) gross proceeds from the disposition of property that can produce U.S. source interest and dividends, and (iii) certain payments made by, and financial accounts held with, entities that are classified as foreign financial institutions for purposes of FATCA. In order to avoid becoming subject to a 30 per cent. withholding tax under FATCA, non-U.S. financial institutions must enter into agreements with the IRS (“IRS Agreements”) (as described below) or otherwise be exempt from the requirements of FATCA. Non-U.S. financial institutions that enter into IRS Agreements or become subject to provisions of local law (“IGA legislation”) intended to implement an intergovernmental agreement entered into pursuant to FATCA (an “IGA”) may be required to identify and report to the government of the United States or another relevant jurisdiction certain information regarding “financial accounts” held by U.S. persons or entities with substantial U.S. ownership, as well as accounts of other financial institutions that are not themselves participating in (or otherwise exempt from) the FATCA reporting regime. In order (a) to obtain an exemption from FATCA withholding on payments it receives and/or (b) to comply with any applicable IGA legislation, a financial institution that enters into an IRS Agreement or is subject to IGA legislation may be required to withhold 30 per cent. from all, or a portion of, certain payments made to persons that fail to provide the financial institution information and forms or other documentation that may be necessary for such financial institution to determine whether such person is compliant with FATCA or otherwise exempt from FATCA withholding.

Under FATCA, withholding is required with respect to payments to persons that are not compliant with FATCA or that do not provide the necessary information or documentation made on or after (i) July 1, 2014 in respect of certain U.S. source payments, (ii) January 1, 2017, in respect of payments of gross proceeds (including principal repayments) from the disposition of property that produce US source interest or dividends and (iii) January 1, 2017 (at the earliest) in respect of “foreign passthru payments”. FATCA withholding in respect of foreign passthru payments is not required for “obligations” that are not treated as equity for U.S. federal income tax purposes, unless such obligations are issued or materially modified on or after the date that is six months after the date on which the final regulations applicable to “foreign passthru payments” are filed with the Federal Register.

The application of FATCA to interest, principal or other amounts paid with respect to the Rated Notes and the information reporting obligations of the Issuer and other entities in the payment chain is still developing. In particular, a number of jurisdictions (including the UK) have entered into IGAs with the United States, which modify the way in which FATCA applies to their jurisdictions. The full impact of such IGAs and IGA legislation thereunder on reporting and withholding responsibilities under FATCA is unclear. The Issuer and other entities in the payment chain may be required to report certain information on their U.S. account holders to government authorities in their respective jurisdictions or the United States in order (i) to obtain an exemption from FATCA withholding on payments they receive or (ii) to comply with applicable law in their jurisdiction. It is not yet certain how withholding on “foreign passthru payments” will be dealt with under the IGAs or if such withholding will be required at all.

Whilst the Rated Notes are in global form and held within the Clearing Systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Rated Notes by the Issuer, any paying agent and the Common Depositary, given that each of the entities in the payment chain between the Issuer and the participants in the Clearing Systems is a major financial institution whose business is
dependent on compliance with FATCA and that any alternative approach introduced under an intergovernmental agreement will be unlikely to affect the Rated Notes. The documentation expressly contemplates the possibility that the Rated Notes may go into definitive form and therefore that they may be taken out of the Clearing Systems. If this were to happen, then a non-FATCA compliant holder could be subject to withholding. However, definitive notes will only be printed in remote circumstances.

Neither a Noteholder nor a beneficial owner of Rated Notes will be entitled to any additional amounts in the event FATCA withholding tax is imposed on any payments on or with respect to the Rated Notes.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUER, THE RATED NOTES AND THE NOTEHOLDERS IS UNCERTAIN AT THIS TIME. EACH NOTEHOLDER SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW THIS LEGISLATION MIGHT AFFECT SUCH NOTEHOLDER IN ITS PARTICULAR CIRCUMSTANCE.
SUBSCRIPTION AND SALE

Lloyds Bank plc (the “Lead Manager”) has, pursuant to a subscription agreement dated on or about the Closing Date amongst, inter alios, the Lead Manager, the Beneficial Title Seller and the Issuer (the “Subscription Agreement”), agreed with the Issuer (subject to certain conditions) to subscribe and pay or procure the payment for the Class A Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class A Notes, the Class B Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class B Notes, the Class C Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class C Notes and the Class D Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class D Notes.

RESIMAC Home Loans (UK) Limited has, pursuant to the Subscription Agreement, agreed with the Issuer (subject to certain conditions) to subscribe and pay for the Class Z Note at the issue price of 100 per cent. of the aggregate principal amount of the Class Z Note.

The Issuer and the Beneficial Title Seller has agreed in the Subscription Agreement to indemnify the Lead Manager against certain liabilities in connection with the issue of the Rated Notes.

Other than admission of the Rated Notes to the main market of the Stock Exchange, no action will be taken by the Issuer, the Arranger or the Beneficial Title Seller which would or is intended to permit a public offering of the Notes, or possession or distribution of this Prospectus or other offering material relating to the Notes, in any country or jurisdiction where action for that purpose is required.

This Prospectus does not constitute, and may not be used for the purpose of, an offer or a solicitation by anyone to subscribe for or purchase any of the Notes in or from any country or jurisdiction where such an offer or solicitation is not authorised or is unlawful.

The Beneficial Title Seller will on the Closing Date purchase 100 per cent. of the Class Z Note.

United States

The Notes have not been nor will be registered under the Securities Act or any state securities laws 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 keeping with the limitations described under “Transfer Restrictions and Investor Representations” below. Accordingly, the Notes are being offered and sold by the Lead Manager solely to non-U.S. persons in offshore transactions in reliance on Regulation S. The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

The Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Notes as part of its distribution or at any time or otherwise until 40 days after the later of the commencement of the offering and the Closing Date within the United States or to, or for the account or benefit of, U.S. persons and, it will have sent to each affiliate or other person (if any) to which it sells Notes during such 40 day period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S. In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act. Offers and
sales of the Notes within the United States or to U.S. persons is further restricted as specified in “Transfer Restrictions and Investor Representations” below.

**United Kingdom**

The Lead Manager has represented to and agreed with the Issuer that:

(a) 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 any activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Rated Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Rated Notes in, from or otherwise involving the United Kingdom.

**Ireland**

The Lead Manager has represented and agreed with the Issuer that:

(a) it will not underwrite the issue of, or place the Rated Notes, otherwise than in conformity with the provisions of the European Communities (Markets in Financial Instruments) Regulation 2007 (Nos. 1 to 3), including, without limitation, Regulations 7 and 152 thereof and any codes of conduct used in connection therewith and the provisions of the Investor Compensation Act 1998;

(b) it will not underwrite the issue of, or place, the Rated Notes, otherwise than in conformity with the provisions of the Central Bank Acts 1942 - 2014 (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989;

(c) it will not underwrite the issue of, or place, or do anything in Ireland with respect to the Rated Notes otherwise than in conformity with the provisions of the Prospectus (Directive 2003/71/EC) Regulations 2005 (as amended) and any rules issued under Section 51 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005, by the Central Bank; and

(d) it will not underwrite the issue of, place or otherwise act in Ireland with respect to the Rated Notes, otherwise than in conformity with the provisions of the Market Abuse (Directive 2003/6/EC) Regulations 2005 (as amended) and any rules issued under Section 34 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Central Bank.

**European Economic Area**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), the Lead Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Rated Notes which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(d) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive; or
(e) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Rated Notes shall require the Issuer or the Lead Manager to publish a
prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16
of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Rated Notes to the public” in relation to any
Rated Notes in any Relevant Member State means the communication in any form and by any means of
sufficient information on the terms of the offer and the Rated Notes to be offered so as to enable an investor to
decide to purchase or subscribe the Rated Notes, as the same may be varied in that Member State by any
measure implementing the Prospectus Directive in that Member State, the expression “Prospectus Directive”
means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the
extent implemented in the Relevant Member State), and includes any relevant implementing measure in the

General

The Lead Manager has undertaken that it will not, directly or indirectly, offer or sell any Notes or have in its
possession, distribute or publish any offering circular, prospectus, form of application, advertisement or other
document or information in respect of the Notes in any country or jurisdiction except under circumstances
that will, to the best of its knowledge and belief, result in compliance with any applicable laws and
regulations and all offers and sales of the Notes by it will be made on the same terms.
TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS

Offers and Sales by the Lead Manager

The Notes (including interests therein represented by a Global Note, a Definitive Note or a book-entry interest) have not been registered under the Securities Act or any state securities laws and are subject to U.S. tax law requirements, 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 such registration requirements and other requirements described herein. Accordingly, the Lead Manager is offering and selling the Rated Notes solely to non-U.S. persons in offshore transactions pursuant to Regulation S.

Investor Representations and Restrictions on Resale

Representations and restrictions applicable to all Rated Notes

Each purchaser of the Rated Notes (which term for the purposes of this section will be deemed to include any interests in the Notes, including Book-Entry Interests) by accepting delivery of this prospectus and the Rated Notes will be deemed to have represented and agreed as follows:

(a) the Rated Notes have not been and will not be registered under the Securities Act and such Rated Notes are being offered only in a transaction that does not require registration under the Securities Act and, if such purchaser decides to resell or otherwise transfer such Rated Notes, then it agrees that it will offer, resell, pledge or transfer such Rated Notes only (i) to a purchaser who is not a U.S. person (as defined in Regulation S) or an affiliate of the Issuer or a person acting on behalf of such an affiliate, and who is not acquiring the Rated Notes for the account or benefit of a U.S. person and who is acquiring the Rated Notes in an offshore transaction pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S, (ii) to or for the account or benefit of a U.S. person (as defined in Regulation S), if such person is acquiring the Rated Notes in an offshore transaction pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S, or (iii) pursuant to an effective registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any state or other jurisdiction of the United States; provided that in no event under (ii) or (iii) above may Rated Notes be transferred or resold to or for the account of a U.S. person until (A) at least 40 days after the Closing Date, and (B) such Rated Notes are represented by a permanent global note; provided further that the agreement of such purchaser is subject to any requirement of law that the disposition of the purchaser’s property shall at all times be and remain within its control;

(b) unless the relevant legend set out below has been removed from the Rated Notes such purchaser shall notify each transferee of Rated Notes from it that (i) such Rated Notes have not been registered under the Securities Act, (ii) the holder of such Rated Notes is subject to the restrictions on the resale or other transfer thereof described in paragraph (a) above, (iii) such transferee shall be deemed to have represented that such transferee is acquiring the Rated Notes in an offshore transaction and that such transfer is made pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S and (iv) such transferee shall be deemed to have agreed to notify its subsequent transferees as to the foregoing; and

(c) the Issuer, the initial purchaser of the relevant Rated Notes, and its affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

The Rated Notes will bear a legend to the following effect:
“THIS GLOBAL NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE “SECURITIES ACT”). NEITHER THIS GLOBAL NOTE NOR ANY PORTION HEREOF MAY BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO ANY U.S. PERSON UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE. ANY UNITED STATES PERSON (AS DEFINED IN THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED) WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.”

Purchasers of Rated Notes are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such securities offered and sold.
GENERAL INFORMATION

The Issuer

The Issuer was incorporated in England and Wales as a public company limited by shares under the Companies Act 2006 on 9 January 2014 with registered number 8839392. The registered office of the Issuer is at Winchester House, 1 Great Winchester Street, London EC2N 2DB (telephone number +44 (0)20 7545 6508).

Authorisation

The issue of the Notes was authorised by resolution of the board of directors of the Issuer passed on 19 September 2014.

Listing of the Rated Notes

It is expected that admission of the Rated Notes to the Official List and trading on its regulated market will be granted on or about 26 September 2014 subject only to the issue of the Global Notes. The listing of the Rated Notes will be cancelled if the Global Notes are not issued. Transactions will normally be effected for settlement in sterling and for delivery on the third working day after the day of the transaction.

Deutsche Bank Luxembourg S.A. is acting solely in its capacity as listing agent for the Issuer in connection with the Rated Notes and is not itself seeking admission of the Rated Notes to trading on the regulated market of the Irish Stock Exchange.

The total expenses in relation to admission to trading will be approximately EUR3,991.20.

The Class Z Note will not be listed.

Clearing and settlement

The Rated Notes have been accepted for clearing through Clearstream, Luxembourg and Euroclear under the following ISINs and common codes:

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<th>Securities</th>
<th>ISIN</th>
<th>Common Code</th>
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<tr>
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<td>Class D Notes</td>
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Litigation

The Issuer has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), since 9 January 2014 (being the date of incorporation of the Issuer) which may have, or have had in the recent past, significant effects upon the financial position or profitability of the Issuer.
Accounts

No statutory or non-statutory accounts within the meaning of section 434 of the Companies Act 2006 in respect of any financial year of the Issuer have been prepared. So long as the Notes are admitted to trading on the regulated market, the most recently published audited annual accounts of the Issuer from time to time shall be available at the specified office of the Principal Paying Agent. The Issuer does not publish interim accounts.

The Issuer did not trade during the period from its date of incorporation on 9 January 2014 to the date of this Prospectus nor has it received any income nor did it incur any expense nor pay any dividends. Consequently no profit and loss account has been prepared. Since the date of its incorporation, the Issuer has not commenced operations.

Significant or Material Change

Since the date of its incorporation, the Issuer has not entered into any contract or arrangement not being in the ordinary course of business other than the Transaction Documents.

Since 9 January 2014 (being the date of incorporation of the Issuer), there has been (a) no material adverse change in the financial position or prospects of the Issuer and (b) no significant change in the financial or trading position of the Issuer.

Charges and Guarantees

Save as disclosed in this document, the Issuer has no outstanding loan capital, borrowings, indebtedness or contingent liabilities nor has the Issuer created any mortgages or given any charges or guarantees.

Reports

The Issuer intends to provide post issuance transaction information in the form of a Quarterly Investor Report, which will include information on the loans and payments in arrears and which will be prepared by the Cash Manager and will be published by the Cash Manager on https://tss.sfs.db.com/investpublic. The Issuer will also make available information in relation to each Mortgage Loan, which will be accessible via the same website (https://tss.sfs.db.com/investpublic), subject to the terms and conditions set out therein. The content of these websites do not form part of this Prospectus and such reports are not incorporated by reference into this Prospectus.

The Cash Manager’s website does not form part of the information provided for the purposes of this Prospectus and disclaimers may be posted with respect to the information posted thereon. Registration may be required for access to slouch website and persons wishing to access the website will be required to certify that they are entitled to access the information posted thereon.

Underlying Assets

On the Closing Date the assets backing the issue of the Notes have characteristics that demonstrate capacity to produce funds to service payments due and payable on the Notes. However, regard should be had to the characteristics of the Mortgage Portfolio and the risks to which they (and the Issuer and the Notes) may be exposed. Prospective Noteholders should consider the detailed information set out elsewhere in this document, including without limitation under “Risk Factors” and “Credit Enhancement and Liquidity Support” above.
Documents Available

From the date of this Prospectus, and for so long as the Notes are admitted to trading on the main market of the Stock Exchange, physical copies of the following documents (excluding any schedule containing personal information) may be inspected at the offices of the Issuer at Winchester House, Mailstop 428, 1 Great Winchester Street, London EC2N 2DB on any week day (excluding Saturdays, Sundays and public holidays):

(a) Memorandum and Articles of Association of the Issuer;
(b) this Prospectus;
(c) prior to the Closing Date, drafts (subject to amendment) and after the Closing Date copies of the following documents:
   (i) the Agency Agreement;
   (ii) the Back-Up Servicing Agreement;
   (iii) the Cash Management Agreement;
   (iv) the Corporate Services Agreement;
   (v) the Deed Poll;
   (vi) the Mortgage Sale Agreement;
   (vii) the Security Deed;
   (viii) the Beneficial Title Seller Power of Attorney;
   (ix) the Legal Title Holder Power of Attorney;
   (x) the Collection Account Declaration of Trust;
   (xi) the Master Servicing Agreement;
   (xii) the Sub-Servicing Agreement;
   (xiii) the RESIMAC Servicing Guarantee;
   (xiv) the RESIMAC MSA Guarantee;
   (xv) the Transaction Account Agreement; and
   (xvi) the Trust Deed.
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ISSUER
RESIMAC UK RMBS No.1 plc
Winchester House
1 Great Winchester Street
London
EC2N 2DB

Originator and Sub-Servicer
Capital Home Loans Limited
Admiral House
Harrington Way
Fleet
Hampshire
GU51 4YA

Beneficial Title Seller
RESIMAC Home Loans (UK) Limited
e/o Hackwood Secretaries Limited
One Silk Street
London
EC2Y 8HQ

ARRANGER AND LEAD MANAGER
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25 Gresham Street
London
EC2V 7HN

MASTER SERVICER
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e/o Hackwood Secretaries Limited
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London
EC2Y 8HQ

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Skipton
North Yorkshire
BD23 1DN

CASH MANAGER
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Winchester House
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EC2N 2DB

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1115 Luxembourg
Luxembourg
IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE U.S.

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

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THE FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT 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.

You are reminded that this prospectus has been delivered to you on the basis that you are a person into whose possession this prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this prospectus to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the dealers or any affiliate of the dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the dealers or such affiliate on behalf of the issuer in such jurisdiction.

By accessing this prospectus, you shall be deemed to have confirmed and represented to us that (a) you have understood and agree to the terms set out herein, (b) you consent to delivery of this prospectus by electronic transmission, (c) you are not a U.S. person (within the meaning of Regulation S under the Securities Act) or acting for the account or benefit of a U.S. person and the electronic mail address that you have given to us and to which this e mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) or the District of Columbia and (d) if you are a person in the United Kingdom, then you are a person who (i) is an investment professional within the meaning of article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “FPO”) or (ii) is a high net worth entity falling within Article 49(2)(a) to (d) of the FPO.

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 none of the Issuer, Lloyds Bank plc, or any person who controls it nor any director, officer, employee nor agent of it (or parties of any such person) accepts any liability or responsibility whatsoever in respect of any difference between this prospectus distributed to you in electronic format and the hard copy version available to you on request from Lloyds Bank plc.