

DATED 26 JULY 2001

FIRST ACTIVE PLC	(1)
- and -	
FIRST FLEXIBLE NO. 4 PLC	(2)
- and -	
BRITANNIC MONEY PLC	(3)
- and -	
THE CHASE MANHATTAN BANK	(4)
- and -	
BARCLAYS BANK PLC	(5)
- and -	
THE ROYAL BANK OF SCOTLAND PLC	(6)
- and -	
MORGAN GUARANTY TRUST COMPANY OF NEW YORK, LONDON BRANCH	(7)
- and -	
ARIANTY NO.1 PLC	(8)

MASTER DEFINITIONS SCHEDULE

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THIS MASTER DEFINITIONS SCHEDULE is made on 26 July 2001

BETWEEN:

- (1) **First Active plc** (registered number 292890) whose registered office is at Skehan House, Booterstown, Co. Dublin, Ireland ("First Active");
- (2) **First Flexible No. 4 plc** (registered number 4176542) whose registered office is at Sir William Atkins House, 2 Ashley Avenue, Epsom, Surrey KT18 5AS (the "Issuer");
- (3) **Britannic Money plc** (registered number 2048895) whose registered office is at Sir William Atkins House, 2 Ashley Avenue, Epsom, Surrey KT18 5AS (the "Servicer");
- (4) **The Chase Manhattan Bank** whose principal office is at Trinity Tower, 9 Thomas More Street, London E1W 9YT (the "Trustee" and the "Principal Paying Agent");
- (5) **Barclays Bank PLC** (registered number 1026167) acting through its office at 54 Lombard Street, London EC3V 9EX (the "Redraw Facility Provider", the "GIC Provider", the "Account Bank", a "Cap Provider" and a "Swap Counterparty");
- (6) **The Royal Bank of Scotland plc** (registered number 90312) whose registered office is at 36 St Andrew Square, Edinburgh EH2 2YB ("RBS" and a "Base Rate Swap Provider");
- (7) **Morgan Guaranty Trust Company of New York, London branch** at 60 Victoria Embankment, London EC4Y 0JP (a "Cap Provider", a "Swap Counterparty" and a "LIBOR Swap Provider"); and
- (8) **Arianty No.1 plc**, (registered number 03946857) a company whose registered address is Sir William Atkins House, 2 Ashley Avenue, Epsom, Surrey KT18 5AS ("Arianty");.

WHEREAS:

- (A) Arianty proposes to sell and the Issuer proposes to purchase certain mortgages, together with the benefit of the collateral security for the same pursuant to the Mortgage Sale Agreement.
- (B) The Servicer is willing to provide administration and management services to the Issuer and the Trustee in relation to the mortgages and collateral security purchased by the Issuer and charged by the Issuer in favour of the Trustee and in relation to the business of the Issuer on the terms and subject to the conditions contained in the Servicing Agreement.
- (C) The Issuer proposes to charge to the Trustee, the mortgages and collateral security purchased by it from Arianty (pursuant to the Mortgage Sale Agreement) and its rights under this Agreement as security, inter alia, for its obligations under its £460 million Class A Mortgage Backed Floating Rate Notes due 2036, £35 million Class M Mortgage Backed Floating Rate Notes due 2036 and £5 million Class B Mortgage Backed Floating Rate Notes due 2036.

IT IS AGREED:

1. The expressions used in the Documents shall, unless otherwise defined in a Document or unless the context otherwise requires, have the meanings as set out in this Master Definitions Schedule:

- 1.1 **"Accounting Reference Period"** shall have the same meaning as "accounting reference period" in Part VII of the Act;
- "Account Bank"** Barclays Bank PLC;
- "Accrued Interest"** in respect of each Mortgage, the amount constituting the aggregate amount of gross interest accrued but not charged relative to such Mortgage up to the Issue Date or Repurchase Date or in respect of each Further Mortgage or Substitute Mortgage or Pre-Funded Mortgage, up to the date of purchase of such Further Mortgage or Substitute Mortgage or Pre-Funded Mortgage;
- "Act"** the Companies Act 1985 as amended;
- "Actual Redemption Amount"** in respect of any Note, the principal amount redeemable in respect of such Note on an Interest Payment Date;
- "Additional Scottish Trust Property"** shall have the meaning given to it in any relevant Supplemental Scottish Declaration of Trust;
- "Administrator"** Britannic Money, as administrator under the administration agreement dated 21 December 2000 between Arianty, First Active Financial plc (now Britannic Money plc), First Active and Citicorp Trustee Company Limited;
- "Affected Mortgage"** any Mortgage which Britannic Money or Arianty is required to repurchase under clause 8 of the Mortgage Sale Agreement together with each Mortgage Loan thereby secured or intended to be secured and any Related Security;
- "Agency Agreement"** the agency agreement dated the Issue Date made between the Issuer, the Trustee, the Agent Bank and the Principal Paying Agent;
- "Agent Bank"** The Chase Manhattan Bank;
- "Aggregate Rate"** at any time, the aggregate for the next Collection Period of the weighted average of the Mortgage Rates calculated as a monthly rate;

"Agreed Form"	in relation to any document, the draft or any approved copy of any document or any bundle of documents which has been agreed between the parties and initialled for the purposes of identification prior to the Issue Date by Lovells and Weil, Gotshal & Manges;
"Annualised Repayment Rate"	Principal Collections minus Redraws to be purchased on the immediately following Interest Payment Date divided by the principal amount of Mortgages outstanding on the previous Determination Date multiplied by 12 expressed as a percentage;
"Arianty Deferred Purchase Consideration"	such sums as are paid to Arianty on each Interest Payment Date by way of deferred purchase consideration by the Issuer under the Mortgage Sale Agreement in respect of the Initial Mortgages, Pre-Funded Mortgages and Further Mortgages;
"Arrears Procedures"	the arrears procedures from time to time of the Servicer;
"Available Facility"	in relation to the Redraw Facility, on each Interest Payment Date an amount calculated as the difference between the Redraw Facility Limit and the aggregate amount of advances outstanding under the Redraw Facility which will not be repaid on such Interest Payment Date;
"Available Redraw Funds"	on any Interest Payment Date, an amount equal to the lower of (a) the Available Facility and (b) the Principal Amount Outstanding of the Class A Notes;
"BACS"	Bankers Automated Clearing System;
"Bank"	the bank, branch and address at which the Trust Accounts (other than the Trust Account held at the Royal Bank of Scotland plc), the Transaction Account and the Reserve Account are maintained for the time being;
"Bank Accounts"	the Trust Accounts, the Reserve Account and the Transaction Account;
"Bank Agreement"	the agreement dated the Issue Date between the Servicer, the Issuer, the Trustee, The Royal Bank of Scotland plc and the Account Bank;

"Bank of England Base Rate"	the Bank of England's repo rate as set from time to time by the Monetary Policy Committee of the Bank of England or such rate that replaces it;
"Base Rate Ledger"	the ledger established and used to record the amount standing to the credit of the Base Rate Reserve;
"Base Rate Reserve"	at any time, the amount representing a credit balance on the Base Rate Ledger maintained in respect of the Reserve Account and designated "Base Rate Reserve";
"Base Rate Linked Mortgages"	Mortgages which are subject to a variable rate of interest set by the relevant Lender from time to time, which is linked to the Bank of England Base Rate;
"Base Rate Reserve Required Amount"	on the Issue Date and each Interest Payment Date thereafter an amount equal to 0.30 per cent. of the aggregate outstanding principal balances (including drawn and undrawn balances) of the Unhedged Base Rate Linked Mortgages;
"Base Rate Swap"	each interest rate swap entered into by the Issuer with any Base Rate Swap Provider to hedge the variance between Bank of England Base Rate and Note LIBOR arising from Base Rate Linked Mortgages;
"Base Rate Swap Provider"	The Royal Bank of Scotland plc or such other person who from time to time enters into a Base Rate Swap with the Issuer;
"beneficiaries"	the Secured Creditors;
"B Note Trigger Event"	the determination by the Servicer that, as at any Interest Payment Date on which there are Class A Notes or Class M Notes outstanding, on the assumption that a B Note Trigger Event does not occur, the application of funds in accordance with the Priority of Payments will give rise to a Principal Deficiency which exceeds the then aggregate Principal Amount Outstanding of the Class B Notes on such Interest Payment Date;
"Block Mortgage Indemnity Guarantee Policies"	the mortgage indemnity guarantee master policies specified in Schedule VI of the Mortgage Sale Agreement and any other mortgage indemnity master policies issued now or at any time hereafter by any

	Insurance Company in relation to any of the Mortgages;
"Borrower"	in relation to each Mortgage, the same person or persons as named and defined as such in the Mortgage Deed relating thereto and any person undertaking the obligations of the Borrower (other than as surety or guarantor);
"Borrower Loan Limit"	the principal amount of a Borrower's loan which would have been outstanding at any time if the Borrower had only made the Minimum Monthly Payment agreed with Britannic Money or First Active, as applicable and had not made any Overpayments;
"Borrower Mortgage Account"	each mortgage account held, from time to time, by a Borrower with Britannic Money or First Active, as applicable and acquired by the Issuer;
"Britannic Money Deferred Purchase Consideration"	such sums as are paid to Britannic Money on each Interest Payment Date by way of deferred purchase consideration by the Issuer under the Mortgage Sale Agreement in respect of Further Advances purchased by the Issuer from Britannic Money;
"Buildings Contingency Policy"	the insurance contract relating to certain contingencies specified in Schedule V to the Mortgage Sale Agreement;
"Buildings Policies"	any buildings insurance policies in relation to a Property which have been taken out either (i) in the joint names of the Borrower and Britannic Money or (ii) in the name of the Borrower with the interest of Britannic Money (as mortgagee or heritable creditor) endorsed or otherwise noted thereon or (iii) in the case of leasehold property in the name of the landlord with the interest of Britannic Money (as mortgagee or heritable creditor) having been notified to the landlord;
"Business Day"	a day (other than a Saturday, Sunday or public holiday) on which banks are open for business generally in the City of London;
"Cap Provider"	each of Barclays Bank PLC and Morgan Guaranty Trust Company of New York, London branch or such other person who from time to time enters into an Interest Rate Cap with the Issuer;

"Capped Rate Mortgages"	Mortgages which are subject to a variable rate of interest set by Britannic Money from time to time but which variable rate is subject to a maximum rate;
"Charged Property"	the property, assets, rights and undertakings for the time being comprised in or subject to the security contained in or granted pursuant to the Deed of Charge and any part of it;
"Class A Note Subscription Agreement"	the subscription agreement dated 23 July 2001 between, inter alia, the Issuer, Nomura International plc and Barclays Bank PLC in relation to the Class A Notes;
"Class A Notes"	the £460 million Class A Mortgage Backed Floating Rate Notes due 2036 of the Issuer;
"Class A Conditions"	the terms and conditions of the Class A Notes;
"Class A Redemption Amount"	on each Interest Payment Date falling (i) during a Class M Principal Lock Out an amount equal to the Redemption Amount, (ii) during a Class B Principal Lock Out (subject to a Class M Principal Lock Out not having occurred) an amount equal to the Redemption Amount multiplied by a fraction the numerator of which is the Principal Amount Outstanding of the Class A Notes and the denominator of which is the sum of the Principal Amount Outstanding of each of the Class A Notes and the Class M Notes, and (iii) during a period when no Class M Principal Lock Out or Class B Principal Lock Out has occurred (if there are any Class A Notes outstanding), an amount equal to the Redemption Amount multiplied by a fraction the numerator of which is the Principal Amount Outstanding of the Class A Notes and the denominator of which is the sum of the Principal Amount Outstanding of each of the Class A Notes, Class M Notes and Class B Notes;
"Class B Note Subscription Agreement"	the subscription agreement dated 23 July 2001 between the Issuer, Nomura International plc and Barclays Bank PLC in relation to the Class B Notes;
"Class B Notes"	the £5 million Class B Mortgage Backed Floating Rate Notes due 2036 of the Issuer;

"Class B Conditions"	the terms and conditions of the Class B Notes;
"Class B Principal Lock Out"	shall occur on any Interest Payment Date (i) during the Class B Principal Lock Out Period; (ii) where on such Interest Payment Date the sum of the Reserve Fund and the aggregate Principal Amount Outstanding of the Class B Notes as a percentage of the sum of the aggregate Principal Amount Outstanding of the Class A Notes, the Class M Notes and Class B Notes is not at least twice that same percentage as at the Issue Date; (iii) where a Principal Deficiency exists on such Interest Payment Date; (iv) where the aggregate principal balance of Mortgages in respect of which there are arrears of an amount greater than £100 is greater than 2.5 per cent of the then aggregate principal balance of the Mortgages comprised in the Mortgage Pool, in each case as at the immediately preceding Determination Date; and (v) where the Principal Amount Outstanding of the Class B Notes on such Interest Payment Date is less than two times the principal balance of the largest Mortgage or group of Mortgages in the name of a single Borrower as at the immediately preceding Determination Date;
"Class B Principal Lock Out Period"	the period from (and including) the Issue Date up to (and including) the earlier of the Interest Payment Date on which all Class A Notes and Class M Notes are redeemed in full and the Interest Payment Date falling five years after the end of the Substitution Period;
"Class B Redemption Amount"	on each Interest Payment Date falling (a) during a Class M Principal Lock Out and Class B Principal Lock Out zero, (b) during a period when no Class M Principal Lock Out or Class B Principal Lock Out has occurred and (i) there are Class A Notes outstanding, an amount equal to the Redemption Amount multiplied by a fraction the numerator of which is the Principal Amount Outstanding of the Class B Notes and the denominator of which is the sum of the Principal Amount Outstanding of each of the Class A Notes, the Class M Notes and the Class B Notes, (ii) there are no Class A Notes outstanding, an amount equal to the Redemption Amount multiplied by a fraction the numerator of which is the Principal Amount Outstanding of the Class B Notes and the denominator of which is the sum of the Principal Amount

Outstanding of each of the Class M Notes and the Class B Notes, and (iii) there are no Class A Notes or Class M Notes outstanding, the Redemption Amount, and (c) on the Interest Payment Date falling in July 2036 or on any prior date after the assets of the Issuer have been exhausted and provided there are no Class A Notes outstanding, where there remains a positive balance on the Principal Deficiency Ledger having taken account of any credit balance in the Reserve Account (the "Adjusted Principal Deficiency") then the aggregate principal amount payable on redemption of the Class B Notes shall be their aggregate Principal Amount Outstanding less the Adjusted Principal Deficiency.

"Class M Conditions"

the terms and conditions of the Class M Notes;

"Class M Notes"

the £35 million Class M Mortgage Backed Floating Rate Notes due 2036 of the Issuer;

"Class M Principal Lock Out"

shall occur on any Interest Payment Date (i) during the Class M Principal Lock Out Period, (ii) where on such Interest Payment Date the sum of the Reserve Fund, the aggregate Principal Amount Outstanding of the Class M Notes and the aggregate Principal amount Outstanding of the Class B Notes as a percentage of the sum of the aggregate Principal Amount Outstanding of the Class A Notes, Class M Notes and Class B Notes is not at least twice that same percentage as at the Issue Date, (iii) where a Principal Deficiency exists on such Interest Payment Date (iv) where the aggregate principal balance of Mortgages in respect of which there are arrears of an amount greater than £100 is greater than 2.5 per cent of the then aggregate principal balance of the Mortgages comprised in the Mortgage Pool, in each case as at the immediately preceding Determination Date or (v) where the sum of the Principal Amount Outstanding of the Class M Notes and the Principal Amount Outstanding of the Class B Notes on such Interest Payment Date is less than two times the principal balance of the largest Mortgage or group of Mortgages in the name of a single Borrower as at the immediately preceding Determination Date;

"Class M Principal Lock Out Period"

the period from (and including) the Issue Date up to (and including) the Issue Date up

to (and including) the earlier of the Interest Payment Date on which all Class A Notes are redeemed in full and the Interest Payment Date falling five years after the end of the Substitution Period;

"Class M Note Subscription Agreement"

the subscription agreement dated 23 July 2001 between, inter alia, the Issuer, Nomura International plc and Barclays Bank PLC in relation to Class M Notes;

"Class M Redemption Amount"

on each Interest Payment Date falling (a) during a Class M Principal Lock Out zero, (b) during a Class B Principal Lock Out (subject to a Class M Principal Lock Out not having occurred) an amount equal to the Redemption Amount multiplied by a fraction the numerator of which is the Principal Amount Outstanding of the Class M Notes and the denominator of which is the sum of the Principal Amount Outstanding of each of the Class A Notes and the Class M Notes and (c) during a period when no Class M Principal Lock Out or Class B Principal Lock Out has occurred and (i) there are Class A Notes outstanding, an amount equal to the Redemption Amount multiplied by a fraction the numerator of which is the Principal Amount Outstanding of the Class M Notes and the denominator of which is the sum of the Principal Amount Outstanding of each of the Class A Notes, the Class M Notes and the Class B Notes, and (ii) there are no Class A Notes outstanding, an amount equal to the Redemption Amount multiplied by a fraction the numerator of which is the Principal Amount Outstanding of the Class M Notes and the denominator of which is the sum of the Principal Amount Outstanding of each of the Class M Notes and the Class B Notes, and (d) on the Interest Payment Date falling in July 2036 or on any prior date after the assets of the Issuer have been exhausted and provided there are no Class A Notes outstanding, where the Adjusted Principal Deficiency exceeds the aggregate Principal Amount Outstanding on the Class B Notes, the aggregate amount payable on redemption of the Class M Notes shall be their aggregate Principal Amount Outstanding less the excess of the adjusted Principal Deficiency over the aggregate Principal Amount outstanding on the Class B Notes;

"Closing Discs"

the discs to be provided by Arianty to the Issuer on the Issue Date, signed for identification by Arianty and the Issuer, containing in respect of each Mortgage the details set out in Schedule VII to the Mortgage Sale Agreement;

"Closing Lists"

the lists to be provided by Arianty to the Issuer on the Issue Date, signed for identification by Arianty and (as appropriate) the Issuer, and containing in respect of each Mortgage the following information as at the previous Business Day:

- (a) the Borrower's name and address;
- (b) the account number;
- (c) the Outstanding Principal Amount;
- (d) the amount of arrears (if any); and
- (e) the amount of the Potential Redraw Amount.

"Collared Rate Mortgages"

Mortgages which are subject to a variable rate of interest set by the relevant Lender from time to time but which variable rate is subject to both a maximum rate and a minimum rate;

"Collection Period"

means each period beginning on (and including) a Determination Date (save for the first Collection Period which shall begin on (and include) the Issue Date) and ending on (and including) the day immediately preceding the next following Determination Date;

"Commitment Fee"

in respect of a Flexible Mortgage an annual commitment fee payable by the Borrower equal to a specified percentage (such percentage to be predetermined by the relevant Lender and to be no less than 1 per cent) of the amount by which the aggregate principal amount of Overpayments less any Redraws made by such Borrower up to such date is greater than a specified percentage (such percentage to be predetermined by the relevant Lender and no more than 20 per cent) of the Borrower Loan Limit;

"Completion"

the completion of the sale and purchase of the Mortgages on the Issue Date pursuant to

	and in accordance with the Mortgage Sale Agreement;
"Conditions"	the Class A Conditions, Class M Conditions and Class B Conditions and reference in the Documents to a particular numbered Condition shall be construed as a reference to the corresponding Class A Condition, Class M Condition and Class B Condition accordingly;
"Connected"	shall have the meaning given to it in s 346 of the Act;
"Conversion"	any change to the terms of, or the security for, a Mortgage requested by the Borrower from time to time;
"Converted Mortgage"	has the meaning set out in clause 21.1 of the Servicing Agreement;
"Coupon Step-Up Date"	the Interest Payment Date falling in July 2008;
"Declaration of Trust"	a declaration of trust dated the Issue Date pursuant to which Britannic Money has declared a trust over the amounts which relate to the Mortgages and which are from time to time standing to the credit of the Trust Accounts;
"Deed of Charge"	the deed of sub-charge and assignment dated the Issue Date executed by, inter alia, the Issuer and the Trustee in favour of the Trustee by way of security for the Notes and includes, where the context so permits, any Supplemental Deed of Charge granted pursuant thereto;
"Deed of Postponement"	any deed, agreement or letter of consent and postponement given or to be given in connection with a Mortgage whereby the holder of a Security Interest in relation to the relevant Property agrees to postpone such Security Interest so as to rank after all Security Interests in relation thereto of Britannic Money or First Active, as applicable;
"Deed of Release"	the deed or deeds pursuant to which Citicorp Trustee Company Limited releases Mortgage Loans and their Mortgages and Related Security from the security created by or pursuant to the Origination Deed of Charge;

"Determination Date"	the day which is 8 Business Days preceding an Interest Payment Date;
"Discount"	the discount below the Reference Rate applicable to a Discounted Mortgage at the relevant time;
"Discounted Mortgage"	Mortgages which are at the relevant time subject to a discounted rate of interest for a specified period;
"Discount Reserve"	at any time, the amount recorded on the Discount Reserve Ledger maintained in respect of the Reserve Account and designated "Discount Reserve";
"Discount Reserve Ledger"	the ledger established and used to record the amount standing to the credit of the Discount Reserve;
"Direct Debiting Scheme"	the direct debiting scheme operated by members of the Association for Payment Clearing Services as amended from time to time or any scheme replacing the same;
"Documents"	the Transaction Documents, the Deed of Charge and the Trust Deed;
"Effective Interest Margin"	<p>in relation to Discounted Mortgages in the Mortgage Pool an amount determined as follows:</p> <ul style="list-style-type: none">(a) for each Standard Variable Rate Mortgage, the Threshold Margin less the Discount;(b) for each Base Rate Linked Mortgage, the margin of that Mortgage over the Bank of England Base Rate less 0.15 per cent (where such mortgage is not subject to a Base Rate Swap) less the Discount;(c) for each LIBOR Linked Mortgage, the margin of that Mortgage over LIBOR less the Discount;(d) for each Capped Rate Mortgage which has been hedged relative to the Threshold Rate, the Threshold Margin less the Discount;(e) for each Fixed Rate Mortgage which has been swapped to the Threshold Rate, the Threshold Margin less the Discount;

"Encumbrance"	includes any mortgage, standard security, pledge, lien, hypothecation, charge, assignment, assignation or deposit by way of security or any other agreement or arrangement (whether conditional or not and whether relating to existing or to future assets), having the effect of providing a security or preferential treatment to a creditor (including set off, title retention, defeasance or reciprocal fee arrangements) or any agreement or arrangement to give any form of security or preferential treatment to a creditor;
"Endowment Mortgage"	a Mortgage in relation to which the principal amount is not repayable before maturity and which requires a policy of endowment life assurance (which is in certain cases a unit-linked policy). Although each Borrower under an Endowment Mortgage is required to take out a policy of endowment life assurance, the relevant Lender does not verify whether such policy of endowment life assurance has been so taken out by each Borrower. Britannic Money does not take security over such policy of endowment life assurance;
"Enforcement Notice"	a notice served by the Trustee on the Issuer pursuant to the Conditions following an Event of Default under the Notes;
"Event of Default"	any of the events specified as such in the Conditions;
"Excess Amount"	in relation to a Flexible Mortgage where a Borrower has prepaid his Mortgage Loan in excess of his Repayment Plan, on any date the excess of (a) the aggregate principal amount of Prepayments made by such Borrower less any Redraws made by such Borrower up to such date over (b) the predetermined percentage of the Borrower Loan Limit set by the relevant Lender;
"Excluded Items"	<ul style="list-style-type: none">(a) certain monies which properly belong to third parties (such as monies owing to any party in respect of reimbursement for direct debit recalls);(b) on the Interest Payment Date following the Issue Date, amounts payable to Arianty under the Mortgage Sale Agreement in respect of reconciliations of the amounts paid in respect of the

purchase of the Mortgages on the Issue Date; and

- (c) where the Issuer is unable to purchase the right to repayment of Redraws and/or Further Advances made with respect to one or more Mortgages on any Interest Payment Date (such Redraws and/or Further Advances continuing to be funded by Britannic Money or First Active, as the case may be on the basis that the Issuer holds each relevant Mortgage on trust for itself and Britannic Money or First Active, as the case may be, each party's interest being proportionate to the funding provided by it, or (in relation to Scottish Mortgages) such Redraws and/or Further Advances being released to Britannic Money from the Scottish Trust), the aggregate of Britannic Money's or First Active's, as the case may be, pro rata share of amounts received in respect of each such Mortgage during the immediately preceding Collection Period;

"Expected Differential"

an amount calculated in respect of each Discounted Mortgage and each Interest Period as the difference between the Threshold Margin and the Effective Interest Margin on such Discounted Mortgage, to the extent such difference is positive, multiplied by the outstanding principal balance in respect of such Discounted Mortgage as of such Interest Payment Date multiplied by the fraction of the actual number of days elapsed in the succeeding Interest Period in respect of a 365 day year (or a 366 day year if the last day of the relevant period falls in a leap year).

"First Active Deferred Purchase Consideration"

such sums as are paid to First Active on each Interest Payment Date by way of deferred purchase consideration by the Issuer under the Mortgage Sale Agreement in respect of Further Advances purchased by the Issuer from First Active;

"Fitch"

Fitch Ratings Limited;

"Fixed Rate Mortgages"

Mortgages which are subject to a fixed rate of interest set by reference to a pre-determined rate or series of rates for a fixed period or periods;

"Flexible Mortgages"	Mortgages which allow for a Borrower to make payments at any time into his/her Borrower Mortgage Account exceeding the Minimum Monthly Payment and at any time thereafter withdraw sums up to the Borrower Loan Limit;
"Further Advance"	additional funds advanced to a Borrower by Britannic Money or First Active, as applicable, on the security of his/her Mortgage subject to the satisfaction of certain conditions;
"Further Mortgages"	Mortgages complying with the eligibility criteria applicable to the Initial Mortgages (as amended or varied with the prior written confirmation of the Rating Agencies that such variation or amendment will not cause a downgrade of the then current rating of the Notes) and the conditions set out in clause 19 of the Servicing Agreement that are acquired by the Issuer from Arianty during the Substitution Period;
"GIC Provider"	Barclays Bank PLC;
"Guaranteed Investment Contract"	a guaranteed investment contract to be entered into on or before the Issue Date between the Issuer, the Servicer, the GIC Provider and the Trustee;
"Hedge Reserve Ledger"	the ledger established and used to record the amount standing to the credit of the Hedge Reserve;
"Hedge Reserve"	at any time, the amount representing a credit balance on the Hedge Reserve Ledger maintained in respect of the Reserve Account and designated "Hedge Reserve";
"Hedge Reserve Required Amount"	(a) as at the Issue Date, the initial amount of Tranche C of the Start-Up Loan and (b) as at each Interest Payment Date, an amount equal to such amounts as are required to ensure that the Threshold Margin is maintained in respect of Capped Mortgages;
"Initial Mortgage Pool"	the Mortgages, beneficial interest in which are owned by Arianty contained in the Provisional Mortgage Pool and sold to the Issuer on the Issue Date brief particulars of which are contained in the Closing List;

"Initial Mortgages"	all the mortgages to be purchased on the Issue Date by the Issuer from Arianty which are contained in the Closing List;
"Insurance Companies"	any of the insurance companies which have issued, or may issue in the future, any of the Insurance Contracts;
"Insurance Contracts"	all or any of the Buildings Policies, the Buildings Contingency Policy, the Term Policies, the Pension Scheme Policies and the Mortgage Indemnity Guarantee Policies and any other or additional buildings policies, which may be taken out at any time in the future in relation to the Mortgages (whether pursuant to the Mortgage Deeds or otherwise) and in which Britannic Money or First Active, as applicable, has or will have an interest;
"Insurance Proceeds"	the proceeds of any claim under any of the Insurance Contracts;
"Interest Amount"	the interest payable by the Issuer on each Interest Payment Date in relation to each class of Notes as determined under the Conditions;
"Interest Only Mortgages"	Mortgages, other than Pension Mortgages and Endowment Mortgages, under the terms of which the principal amount is not repayable before maturity;
"Interest Payment Date"	the first day of each calendar month in each year or, if such day is not a Business Day, the immediately succeeding Business Day;
"Interest Period"	the period from (and including) an Interest Payment Date or the Issue Date in respect of the first Interest Period to (but excluding) the next following (or first) Interest Payment Date;
"Interest Rate Cap"	interest rate caps purchased by the Issuer from any Cap Provider on or before the Issue Date and any interest rate caps purchased thereafter in relation to Converted Mortgages. Interest Rate Caps will be purchased to hedge against the Threshold Rate exceeding the capped rate under the relevant Capped Rate Mortgages;
"Interest Rate Swap"	interest rate swaps entered into by the Issuer with any Swap Counterparty to hedge the variance between the fixed rate of interest

	payable on Fixed Rate Mortgages and the Threshold Rate;
"Investment Home Loans"	loans made to a Borrower to be used to remortgage or acquire properties to let to tenants or hold as an investment;
"Investment Home Loans Mortgages"	Mortgages in respect of Investment Home Loans;
"Issue Date"	26 July 2001;
"Issuer's Share"	in relation to the amounts standing to the credit of the Trust Accounts, the proportion thereof which shall from time to time be held upon trust for the Issuer absolutely upon the terms of the Declaration of Trust;
"Lender's Standard Documentation"	the relevant documents used by the Lenders in relation to each Mortgage under which each Lender made the initial advance in connection with its activities as lender;
"Lenders"	Britannic Money and First Active;
"Lending Policy"	the lending policy set out in summary form in Schedule IX of the Mortgage Sale Agreement;
"LIBOR"	London Interbank Offered Rate;
"LIBOR Linked Mortgages"	Mortgages which are subject to a variable rate of interest set by the relevant Lender from time to time which is linked to LIBOR;
" LIBOR Swap"	interest rate swaps entered into by the Issuer with any LIBOR Swap Provider to hedge the variance between three month LIBOR and the Note LIBOR in respect of the Mortgages which are linked to three month LIBOR;
" LIBOR Swap Provider"	Morgan Guaranty Trust Company of New York, London branch or such other person who from time to time enters into a LIBOR Swap with the Issuer;
"Life Charges"	any charge, assignment, assignation or deposit in favour of the relevant Lender by the Borrowers of the Life Policies and/or the Term Policies and undertakings relating to Pension Scheme Policies;
"Life Policy"	any policy of life insurance, including unit linked assurance policies, which Borrowers take out under Endowment Mortgages;

"Loan Expected Differential"	the aggregate of all Expected Differentials applying to Interest Periods that fall during the discount period for a Mortgage;
"London Stock Exchange"	London Stock Exchange plc;
"Mandates"	the bank mandates for the Trust Account, the Transaction Account and the Reserve Account in the Agreed Form as amended from time to time;
"Material Adverse Change"	an event or circumstance which (when taken alone or together with any previous event or circumstance) constitute(s) an adverse change in the assets, financial or trading position of the Issuer such that the Issuer might reasonably be expected to be unable to fully and punctually perform all its obligations under the Transaction Documents;
"Material Adverse Effect"	an event or circumstance which (when taken alone or together with any previous event or circumstance) has, or could reasonably be expected to have, a materially adverse effect on the assets, business or financial condition or trading prospects of the Issuer as a whole;
"Maximum Redraw Amount"	on each Interest Payment Date, an aggregate amount equal to the sum of (a) the amount of Principal Collections available for the purpose of purchasing Britannic Money's or First Active's, as the case may be, rights with respect to any Redraws made by Borrowers during the immediately preceding Collection Period in accordance with the Priority of Payments and (b) the Available Redraw Funds;
"MHA Documentation"	any affidavit, consent or renunciation granted in terms of the Matrimonial Homes (Family Protection) (Scotland) Act 1981 in connection with a Scottish Mortgage or its relative Property;
"Minimum Monthly Payment"	for a Repayment Mortgage, the monthly payment of capital and interest required at any time to achieve repayment by the end of the Mortgage Term assuming that the same payment is made each month. For an Endowment Mortgage, Pension Mortgage or Interest Only Mortgage, it is an amount equal to interest on the Outstanding Principal Amount. For a mixed Repayment Mortgage and an Endowment Mortgage, Pension

Mortgage or Interest Only Mortgage, it is a combination of the two;

"M Note Trigger Event"

the determination by the Servicer as at any Interest Payment Date on which Class A Notes are outstanding that, on the assumption that an M Note Trigger Event does not occur, the application of funds in accordance with the Priority of Payments will give rise to a Principal Deficiency which exceeds the aggregate Principal Amount Outstanding of the Class M Notes and the Class B Notes on such Interest Payment Date;

"Month"

a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month or, if that corresponding day is not a Business Day, ending on the next Business Day unless that falls in another calendar month in which case it shall end on the preceding Business Day, except that if there is no corresponding day in the month in which the period ends, that period shall end on the last Business Day in that month;

"Monthly Payment"

the amount of interest, principal (in the case of a Repayment Mortgage) or a combination of both (in relation to a mixed Repayment Mortgage and an Endowment Mortgage, Pension Mortgage or Interest Only Mortgage) and insurance premium payable (if applicable) by a Borrower on a Mortgage Payment Day;

"Mortgage"

an Initial Mortgage, Substitute Mortgage, Pre-Funded Mortgage or Further Mortgage;

"Mortgage Conditions"

the conditions applicable to the Mortgages, as amended by the relevant Lender from time to time;

"Mortgage Deed"

in relation to each Mortgage, the deed creating the mortgage, charge or standard security over the relevant Property including the terms and conditions governing that Mortgage and the Mortgage Loan(s) secured by it;

"Mortgage Indemnity Guarantee Policies"

the individual mortgage indemnity guarantee policies providing an indemnity for all amounts advanced under a Mortgage exceeding the percentage of the value or

purchase price of the relevant Property prescribed by the Lending Policy in respect of such Mortgage with various insurance companies;

"Mortgage Loan"

in respect of a Mortgage, means the aggregate of all advances (including Redraws and Further Advances) less Prepayments or Redemptions made by either Lender to a Borrower and from time to time outstanding (including all capital sums) which are secured by such Mortgage;

"Mortgage Loan Files"

means the file or files relating to each Mortgage containing originals of:

- (a) all material correspondence relating to the application for that Mortgage; and
- (b) the completed Lender's Standard Documentation (other than the Title Deeds) including the surveyor's report and the Solicitor's, Licensed Conveyancer's or Qualified Conveyancer's certificate of title, or any other application and mortgage documentation;

"Mortgage Payment Day"

in relation to each Mortgage, the date on which the Borrower is obliged to pay a Monthly Payment being the last Business Day of each calendar month;

"Mortgage Pool"

the Initial Mortgage Pool and any Substitute Mortgages, Pre-Funded Mortgages and Further Mortgages acquired by the Issuer under the Mortgage Sale Agreement together with any Further Advances and Redraws;

"Mortgage Rate"

with respect to any Mortgage, the rate of interest from time to time applicable to such Mortgage payable by the relevant Borrower in accordance with his Mortgage Conditions;

"Mortgage Sale Agreement"

the agreement dated the Issue Date between First Active, Britannic Money, the Issuer, the Trustee and Arianty in relation to the sale and purchase of the Mortgages;

"Mortgage Term"

with respect to any Mortgage, the period from and including the date of the original advance under such Mortgage to and including the date on which all interest and other monies

	connected with such Mortgage are to be repaid;
"New Redraw Facility Limit"	a revised Redraw Facility Limit agreed by the Issuer, the Servicer (as agent of the Issuer), the Redraw Facility Provider and the Rating Agencies;
" Non- Verified Mortgage"	a Mortgage sold to the Issuer by Arianty for which the first payment of principal and/or interest has not been received as at the Issue Date;
"Non-Verified Mortgage Ledger"	the ledger established and used to record the amount standing to the credit of the Non-Verified Mortgage Reserve;
"Non-Verified Mortgage Reserve"	at any time, the amount representing a credit balance on the Non-Verified Mortgage Ledger maintained in respect of the Transaction Account and designated "Non-Verified Mortgage Reserve";
"Northern Irish Mortgages"	Mortgages secured on properties in Northern Ireland;
"Noteholders"	the several persons who are for the time being holders of the Notes;
"Notes"	the Class A Notes, the Class M Notes and the Class B Notes;
"Note LIBOR"	the LIBOR rate used to calculate interest on the Notes pursuant to Condition 4(c) of the Notes;
"Offer Conditions"	the conditions applied to an offer of a Mortgage, as amended by Britannic Money or First Active, as the case may be, from time to time;
"Official List"	the Official List of the UK Listing Authority;
"Origination Deed of Charge"	the deed of charge and assignment dated 21 December 2000 and entered into between Arianty, Britannic Money and Citicorp Trustee Company Limited;
"Origination Mortgage Sale Agreement"	the mortgage sale agreement dated 21 December 2000 between Britannic Money, First Active, Arianty and Citicorp Trustee Company Limited;
"Outstanding Principal Amount"	at any time means, in respect of each Initial Mortgage, Substitute Mortgage, Pre-Funded

Mortgage or Further Mortgage, the aggregate (excluding Accrued Interest) of:

- (a) the amount secured or intended to be secured under the Mortgage comprising the original principal amount advanced to the Borrower; and
- (b) any advance of further moneys to the Borrower (including Redraws) and any other amounts due under the terms of the Mortgage Deed on the security of the Mortgage after the date of completion of such Mortgage that remains outstanding; less
- (c) any Redemptions or Prepayments;

"Overpayment"

the amount by which a payment made by a Borrower into his/her Borrower Mortgage Account exceeds the Minimum Monthly Payment;

"Owner Occupied Loans"

loans made to a Borrower to acquire property to be used as their primary place of residence;

"Paying Agents"

the Principal Paying Agent together with any further or other paying agents for the time being appointed in respect of the Notes;

"Payment Holiday"

a Borrower's monthly payments being met by applying Overpayments not previously redrawn by way of capitalisation of such Overpayments in an amount equal to the Minimum Monthly Payments such Borrower would have had to have made had the Borrower not taken a Payment Holiday;

"Pension Mortgage"

a Mortgage in respect of which the principal amount is not payable before maturity and under the terms of which a pension policy is required;

"Pension Scheme Policies"

the pension policies, including unit-linked pension scheme policies, which provide for benefits on retirement and/or death and from which it is intended that the sums secured by the Pension Mortgages be repaid;

"Permitted Investments"

investments in which the Servicer is entitled to invest cash from time to time standing to the credit of the Transaction Account and the Reserve Account (such as gilt-edged securities, certificates of deposit, commercial

paper and other short term securities or deposits) with or issued by an entity with a short term unsecured, unguaranteed and unsubordinated rating of at least F-1+ from Fitch and A-1+ from S&P or guaranteed by an entity with a short term unsecured, unguaranteed and unsubordinated rating of at least F-1+ from Fitch and A-1+ from S&P (or with any other entity if the applicable Rating Agency confirms in writing that such investment would not cause it to downgrade the then current rating of the Notes) which mature on or prior to the Interest Payment Date on which the cash represented by such Permitted Investment is required by the Issuer and which are in the same currency as that of the cash used to make such investments;

"Pool Expected Differential"

in relation to an Interest Period, the aggregate of the Expected Differentials in relation to such Interest Period of all Discounted Mortgages in the Mortgage Pool;

"Potential Event of Default"

any event or the existence of any circumstances which, with the giving of notice, the lapse of time, any determination of materiality, the satisfaction of any applicable condition, or any combination of them would in the opinion of the Trustee be reasonably expected to constitute or bring about an Event of Default;

"Potential Redemption Amount"

an amount determined on each Determination Date as follows:

- (a) the aggregate amount of Redemptions, Prepayments, enforcement proceeds, recoveries and insurance proceeds (to the extent they relate to principal), received during the immediately preceding Collection Period in respect of the Mortgages; plus
- (b) principal losses realised upon completion of the enforcement and recovery process in relation to the Mortgages during the immediately preceding Collection Period; less
- (c) the aggregate principal amount of Redraws the right to repayment of which are to be purchased by the Issuer on the immediately succeeding Interest Payment Date; plus

- (d) the amount by which the aggregate principal amount outstanding under the Redraw Facility is expected to increase on the immediately succeeding Interest Payment Date as a result of the purchase of the right to repayment of Redraws; plus
- (e) an amount equal to the Principal Deficiency recorded on the previous Determination Date,

provided that the Potential Redemption Amount shall never be less than zero;

"Potential Redraw Amount"

in respect of each Mortgage at any time, the amount which is capable of being redrawn by the Borrower under such Mortgage at such time;

"Power of Attorney"

the power of attorney set out in Schedule II of the Mortgage Sale Agreement;

"Pre-Funded Ledger"

the ledger established and used to record the amount available to the Issuer to purchase Pre-Funded Mortgages and maintained in the Transaction Account;

"Pre-Funded Mortgages"

mortgages complying with the eligibility criteria applicable to the Initial Mortgages (as amended or varied with the prior written confirmation of the Rating Agencies that such variation or amendment will not cause a downgrade of the then current rating of the Notes) and the conditions set out in clause 19 of the Servicing Agreement that are acquired by the Issuer from Arianty as soon as practical on or after the Issue Date but no later than the third Interest Payment Date after the Issue Date utilising the Pre-Funding Amount;

"Pre-Funding Amount"

an amount equal to the difference between the proceeds of the Notes received by the Issuer on the Issue Date and the Purchase Price of the Initial Mortgages;

"Prepayments"

part principal repayments under a Mortgage where the Borrower Loan Limit does not change following repayment ahead of the repayment plan used by Britannic Money or First Active, as applicable, to provide a baseline for the repayment of the Mortgage.

For the avoidance of doubt, Prepayments do not include scheduled principal repayments;

"Principal Amount Outstanding"

is as defined in the Conditions;

"Principal Collections"

at any time, the aggregate amount of Redemptions, Prepayments, enforcement proceeds and recoveries and insurance proceeds (to the extent they relate to principal) received during the immediately preceding Collection Period in respect of the Mortgages;

"Principal Deficiency"

on any Determination Date an amount equal to the "Liabilities" expected to exist as at close of business on the immediately succeeding Interest Payment Date less the "Assets" expected to exist as at close of business on the immediately succeeding Interest Payment Date, after having made all payments in accordance with the Priority of Payments where "Liabilities" means:

- (a) the aggregate Principal Amount Outstanding of the Notes on the last day of the immediately preceding Collection Period; less
- (b) the amount allocated in the Priority of Payments to redemption of the Notes under item (xiii) on the immediately succeeding Interest Payment Date; plus
- (c) the aggregate principal amount outstanding under the Redraw Facility on the last day of the immediately preceding Collection Period; plus
- (d) the amount by which the aggregate principal amount outstanding under the Redraw Facility is expected to increase on the immediately succeeding Interest Payment Date as a result of the purchase of the right to repayment of Redraws; less
- (e) the amount allocated in the Priority of Payments to repayment of principal amounts outstanding under the Redraw Facility under item (x) on the immediately succeeding Interest Payment Date,

and "Assets" means:

- (a) the aggregate Outstanding Principal Amount of the Mortgages (including amounts receivable in respect of property related insurance policies) on the last day of the immediately preceding Collection Period; plus
- (b) the aggregate principal amount of the Redraws the right to repayment of which are to be purchased on the immediately succeeding Interest Payment Date; plus
- (c) the amount allocated in the Priority of Payments to purchase Further Advances under item (xi) on the immediately succeeding Interest Payment Date; plus
- (d) the amount allocated in the Priority of Payments to purchase Further Mortgages under item (xii) on the immediately succeeding Interest Payment Date; plus
- (e) the amount standing to the credit of the Pre-Funded Ledger and the Non-Verified Mortgage Ledger,

provided that the Principal Deficiency shall never be less than zero;

"Principal Deficiency Ledger"

the ledger maintained to record the Principal Deficiency on each Determination Date;

"Principal Paying Agent"

The Chase Manhattan Bank;

"Priority of Payments"

the order in which payments may be made from, *inter alia*, the Transaction Account prior to an Event of Default and which is set out in clause 5.4 of the Servicing Agreement;

"Property"

in relation to each Mortgage, the freehold, heritable or leasehold residential property in England, Wales, Scotland or Northern Ireland on which the relevant Mortgage Loan is secured;

"Provisional Mortgage Pool"

the provisional portfolio of mortgages owned by Arianty as at 30 June 2001 from which the Initial Mortgages will be drawn;

"Prudent Lender"	a reasonably prudent mortgage lender lending in the UK residential mortgage market;
"Purchase Price"	the consideration payable for the Mortgages determined under clause 4.1 of the Mortgage Sale Agreement;
"Rate of Interest"	the rate of interest from time to time payable on each class of the Notes as determined by the Agent Bank or the Trustee under the Conditions;
"Rating Agencies"	Fitch and S&P or, if at any time Fitch or S&P no longer assigns a rating to the Notes, such of them that are at that time assigning a rating to the Notes;
"RBS"	The Royal Bank of Scotland plc;
"RBS Contract"	the contract for cash management services between RBS and Britannic Money dated 10 March 1997 as amended or varied from time to time including pursuant to an addendum dated 29 October 1998;
"RBS Trust Accounts"	the accounts held from time to time by Britannic Money with RBS over which Borrowers have mandates pursuant to the RBS Contract together with the account number 10000151 held by Britannic Money with RBS pursuant to the RBS Contract, each of which accounts have Sort Code 16-04-20;
"Receiver"	a receiver appointed by the Trustee under clause 10 of the Deed of Charge;
"Reconciliation Amount"	the amount payable by or to the Issuer in respect of any over or underpayment for the Mortgages on the Issue Date as determined under Clause 4.2 of the Mortgage Sale Agreement;
"Redemption Amount"	the amount allocated for redemption of the Notes under item (xiii) of the Priority of Payments;
"Redemptions"	means scheduled principal payments plus full and part principal repayments (including enforcement and insurance proceeds) under a Mortgage where the Borrower Loan Limit irrevocably reduces as a result of repayment ahead of the repayment plan used by Britannic Money or First Active, as applicable,

	to provide a baseline for the repayment of the Mortgage;
"Redraw"	in respect of a Mortgage, a Payment Holiday or a redraw by the relevant Borrower of a portion of the principal of his/her Mortgage if and to the extent that such Borrower has previously made Prepayments on his/her Mortgage in excess of the scheduled principal repayments and has not previously redrawn such excess payments and provided that the amount of such Redraw is limited to ensure that the outstanding balance of the Mortgage after such Redraw is no greater than the Borrower Loan Limit;
"Redraw Commitment Expiry Date"	the Interest Payment Date falling in July 2036 subject to the Notes not having been redeemed earlier or enforcement of the Security in accordance with the Conditions of the Notes not having occurred;
"Redraw Facility"	a sterling revolving credit facility which may be utilised by the Issuer to fund the purchase of the right to repayment of Redraws with respect to Mortgages owned by the Issuer, subject to certain requirements set out in the Redraw Facility Agreement;
"Redraw Facility Agreement"	the agreement between the Issuer, the Trustee and the Redraw Facility Provider setting out the terms of the Redraw Facility;
"Redraw Facility Limit"	the maximum aggregate amount that can be drawn at any time under the Redraw Facility as may be varied on any Interest Payment Date by agreement between the Issuer, the Trustee, the Redraw Facility Provider and the Servicer (as agent of the Issuer) with the prior written consent of the Rating Agencies;
"Redraw Facility Provider"	Barclays Bank PLC;
"Reference Rate"	(a) for each Standard Variable Rate Mortgage, Britannic Money's standard variable rate; (b) for each LIBOR Linked Mortgage, LIBOR plus the margin applicable to the relevant Mortgage as set out in the mortgage documentation entered into with the relevant Borrower;

- (c) for each Base Rate Linked Mortgage, Bank of England Base Rate plus the margin applicable to the relevant Mortgage as set out in the mortgage documentation entered into with the relevant Borrower;
- (d) for each Capped Mortgage, the rate set out in the mortgage documentation entered into with the relevant Borrower;
- (e) for each Fixed Rate Mortgage, the rate set out in the mortgage documentation entered into with the relevant Borrower;

"Registered Transfer"

a transfer substantially in the form of Schedule III or Schedule XV, as appropriate, of the Mortgage Sale Agreement;

"Registers of Scotland"

the Land Registers of Scotland and/or the General Register of Sasines;

"Related Security"

in relation to any Mortgage, all Life Charges relating thereto, any rights against any guarantor relating thereto and where relevant any Deeds of Postponement, consents and charges by occupiers of Properties, MHA Documentation and any other security taken to secure the same obligations on the part of the relevant Borrower secured by the Mortgage;

"Repayment Mortgage"

a mortgage under the terms of which monthly instalments, which cover both interest and principal, are payable until the mortgage is fully repaid by its maturity;

"Repayment Plan"

the repayment plan used by Britannic Money or First Active, as the case may be, to provide a repayment schedule for the repayment of the Borrower's Mortgage Loan;

"Repurchase Date"

the date of repurchase by Britannic Money or Arianty, as the case may be, of any Mortgage under clause 9 of the Mortgage Sale Agreement;

"Repurchase Price"

the amount payable by Britannic Money or Arianty, as the case may be, under clause 9 of the Mortgage Sale Agreement;

"Required Redraw Facility"

a short term unsecured, unguaranteed and

Provider Rating"	unsubordinated debt rate of A-1 + from S&P and F-1+ from Fitch (unless the applicable Rating Agency confirms in writing that any downgrade in the credit rating of the Redraw Facility Provider would not cause it to downgrade the current rating of the Notes);
"Reserve Account"	an account in the name of the Issuer at the Account Bank in which amounts representing the Reserve Fund, the Base Rate Reserve, the Discount Reserve and the Hedge Reserve are held;
"Reserve Fund"	the amount of monies standing to the credit of the Reserve Account and designated "Reserve Fund";
"Reserve Fund Required Amount"	an amount equal to the sum advanced by Britannic Money to the Issuer under Tranche B of the Start-Up Loan;
"Reserve Ledger"	a ledger established to record the amount standing to the credit of Reserve Fund from time to time;
"S&P"	Standard & Poor's Rating Services, a division of the McGraw-Hill Companies Inc.;
"Scottish Declaration of Trust"	a declaration of trust in respect of the Scottish Mortgage Loans and Scottish Mortgages comprised in the Initial Mortgage Pool and the Related Security therefor substantially in the form set out in Schedule XIII to the Mortgage Sale Agreement;
"Scottish Further Mortgage"	a Further Mortgage which is a Scottish Mortgage;
"Scottish Mortgage"	a Mortgage secured over a Property in Scotland;
"Scottish Mortgage Loan"	a Mortgage Loan secured by a Scottish Mortgage;
"Scottish Pre-Funded Mortgage"	a Pre-Funded Mortgage which is a Scottish Mortgage;
Scottish Sub-Security"	any standard security granted by the Issuer in favour of the Trustee pursuant to clause 3.7 of the Deed of Charge substantially in either of the forms set out in Schedule 3 thereto;
"Scottish Transfer"	an assignation of Scottish Mortgages and the Scottish Mortgage Loans secured thereby substantially in either of the forms set out in

	Schedule XI or XII to the Mortgage Sale Agreement;
"Scottish Trust"	the trust declared and created in terms of the Scottish Declaration of Trust and any Supplemental Scottish Declaration of Trust;
"Scottish Trust Property"	shall have the meaning given to it in the Scottish Declaration of Trust;
"Secured Amounts"	any and all of the amounts which the Issuer covenants to pay in clause 2 of the Deed of Charge and all other monies owed by it to the Secured Creditors under and pursuant to the Transaction Documents;
"Secured Creditors"	each of the Trustee, the Noteholders and the Couponholders (as defined in the Conditions), the Servicer, the Redraw Facility Provider, the Start-Up Loan Provider, the GIC Provider, the Account Bank, the Cap Providers, the Swap Counterparties, the LIBOR Swap Providers, the Base Rate Swap Providers, the Agent Bank, the Principal Paying Agent and the Paying Agents;
"Security"	the security for the Notes created pursuant to the Deed of Charge;
"Security Interest"	any mortgage, sub-mortgage, standard security, sub-standard security, charge, sub-charge, pledge, lien, assignment or assignation in security, equity, option, encumbrance, right of set-off, adverse right or interest or security interest whatsoever, howsoever created or arising;
"Servicer"	Britannic Money and its successors or such other person as may be appointed under the terms of the Servicing Agreement;
"Services"	the services to be provided by the Servicer to the Issuer and the Trustee pursuant to the Servicing Agreement;
"Servicing Agreement"	the agreement between the Issuer, Britannic Money, First Active, Arianty and the Trustee made on the Issue Date relating to the servicing of Mortgages and the management and administration of the Issuer's business in general;
"Servicing Fee"	the monthly fee (if any) payable to the Servicer and determined in accordance with clause 10 of the Servicing Agreement;

**"so far as Britannic Money is aware"
"so far as the relevant Lender is aware" or "so far as the Warrantors are aware"**

Britannic Money's, the relevant Lender's or the Warrantors' state of knowledge or the state of knowledge which Britannic Money, the relevant Lender or the Warrantors would have had as a result of making all usual and proper enquiries as to the relevant matter;

"Standard Variable Mortgages"

mortgages which are subject to a variable rate of interest set by Britannic Money or First Active, as applicable, from time to time;

"Start-Up Loan"

the loan to be made available to the Issuer pursuant to the Start-Up Loan Agreement which will consist of six tranches. The first tranche ("Tranche A") will be an amount of £1,756,000 and will be used for meeting the costs and expenses of the Issuer related to the issue of the Notes. The second tranche ("Tranche B") will be an amount of £7,500,000 and will be used in providing initial funding for the Reserve Fund. The third tranche ("Tranche C") will be an amount of up to £1,180,000 and will be used to establish the Hedge Reserve on the Issue Date and to credit the Hedge Reserve when Pre-Funded Mortgages are acquired by the Issuer until the third Interest Payment Date. The fourth tranche ("Tranche D") will be an amount of up to £3,589,000 and will be used to purchase the Interest Rate Caps and to enter into the Interest Rate Swaps on the Issue Date and to purchase further Interest Rate Caps and enter into further Interest Rate Swaps when Pre-Funded Mortgages are acquired by the Issuer until the third Interest Payment Date. The fifth tranche ("Tranche E") will be an amount of £50,000 and will be used to establish the Base Rate Reserve on the Issue Date. The sixth tranche ("Tranche F") will be an amount of up to £3,019,000 and will be used to establish the Discount Reserve on the Issue Date and to credit the Discount Reserve in respect of Expected Differentials relating to Pre-Funded Mortgages acquired by the Issuer until the third Interest Payment Date;

"Start-Up Loan Agreement"

a loan agreement between the Issuer, Britannic Money and the Trustee dated the Issue Date whereby Britannic Money provides the Issuer with the Start-Up Loan;

"Start-Up Loan Provider"

Britannic Money;

"Sterling" or "£"	the lawful currency of the United Kingdom;
"subsidiary"	is as defined in the Act;
"Substitute Mortgage"	a Mortgage transferred to the Issuer pursuant to clause 9 of the Mortgage Sale Agreement after the Issue Date;
"Substitution Period"	<p>the period commencing on (and including) the Issue Date and ending on (but excluding) the earlier of:</p> <ul style="list-style-type: none">(i) the Interest Payment Date falling in July 2004;(ii) enforcement of the Security in accordance with Condition 10 of the Conditions;(iii) removal of Britannic Money as the Servicer in accordance with the Servicing Agreement and no replacement Servicer having been appointed in accordance with such agreement;(iv) the date on which the Notes are redeemed in full; and(v) the date on which the Redraw Facility becomes fully drawn, <p>unless the Issuer elects to shorten the Substitution Period (provided that it ends on an Interest Payment Date) by giving 5 Business Days' notice to the Trustee and the Servicer in which case the Substitution Period will end on the date on which such notice expires;</p>
"Supplemental Deed of Charge"	an assignation in security supplemental to the Deed of Charge granted pursuant to clause 3.6(c) thereof substantially in the form set out in Schedule 2 thereto;
"Supplemental Scottish Declaration of Trust"	a declaration of trust supplemental to the Scottish Declaration of Trust in respect of Scottish Mortgage Loans and Scottish Mortgages (other than those comprised in the Initial Mortgage Pool) together with the Related Security therefor, substantially in the form set out in Schedule XIV to the Mortgage Sale Agreement;

"Surety"	in relation to each Mortgage the same person as is named and defined as such or as guarantor in the Mortgage Deed;
"Swap Counterparty"	each of Morgan Guaranty Trust Company of New York, London branch and Barclays Bank PLC or such other person who from time to time enters into an Interest Rate Swap with the Issuer;
"Taxes"	all present and future taxes, levies, imposts, duties, charges, fees, deductions and withholdings imposed or levied by any governmental, fiscal or other competent authority in the UK or any other jurisdiction from which any payment is made (and includes any penalty payable in connection with any failure to pay, or delay in paying, any of the same) and "Tax" and "Taxation" shall be construed accordingly;
"Term Policies"	the term assurance policies which provide for guaranteed death benefits and the benefit of which may be assigned to or deposited with Britannic Money or First Active, as the case may be, by way of collateral security to Britannic Money or First Active, as the case may be, for the sums secured by certain of the Mortgages;
"Threshold Amount Deposit"	<p>a deposit which may be paid into the Transaction Account on an Interest Payment Date which is equal to the amount by which the amount produced by multiplying the Threshold Rate with the aggregate outstanding balances of the Mortgages in the Mortgage Pool on such Interest Payment Date and the fraction of the actual number of days elapsed in the relevant Interest Period in respect of a 365 day year (or a 366 day year if the last day of the relevant period falls in a leap year) exceeds the sum of:</p> <p>(a) the aggregate of the annual rate of interest applicable on such Interest Payment Date to each Mortgage in the Mortgage Pool multiplied by the principal balance outstanding of such Mortgage on such Interest Payment Date multiplied by the fraction of the actual number of days elapsed in the relevant Interest Period in respect of a 365 day year (or a 366 day year if the last day of</p>

the relevant period falls in a leap year), plus

- (b) any amount expected to be transferred from the Hedge Reserve into the Transaction Account on the next following Interest Payment Date; plus
- (c) any amount expected to be transferred from the Base Rate Reserve into the Transaction Account on the next following Interest Payment Date; plus
- (d) any amount expected to be transferred from the Discount Reserve into the Transaction Account on the next following Interest Payment Date; plus
- (e) any amounts received in respect of Interest Rate Swaps, Interest Rate Caps, LIBOR Swaps and Base Rate Swaps,

(such amount not to be less than zero). Such deposit is repayable at item (xx) of the Priority of Payments to the extent that it is no longer required to cover such difference;

"Threshold Margin"

means the figure expressed as a percentage resulting from the addition of (i) the average total principal balance of Owner Occupied Loans outstanding during the relevant Interest Period multiplied by 1 per cent. plus (ii) the average total principal balance of Investment Home Loans outstanding during the relevant Interest Period multiplied by 1.2 per cent., all divided by the average total principal balance outstanding of all Mortgages during that Interest Period. The average total principal balance outstanding in any category of Loan for the purposes of this calculation shall be calculated by reference to the total principal balance outstanding of such category of Loan on each day during the relevant Interest Period;

"Threshold Rate"

in respect of an Interest Period means an annual rate of LIBOR as determined in relation to the Notes for such Interest Period plus the Threshold Margin;

"Title Deeds"

in relation to each Mortgage and the Property and Related Security relating thereto, all

conveyancing deeds, land and charge certificates and documents which make up the title to the Property and the security for the Mortgage and the Related Security including without limitation the deeds constituting the Mortgage and the Related Security;

"Transaction Account"

account number 40927481 in the name of the Issuer at the Account Bank to which payments in respect of amounts due and amounts received under the Mortgages which are credited to the Trust Accounts will be transferred in accordance with the terms of the Bank Agreement;

"Transaction Documents"

the Mortgage Sale Agreement, the Servicing Agreement, the Redraw Facility Agreement, the Guaranteed Investment Contract, the Agency Agreement, the Bank Agreement, the Start-up Loan Agreement, the Interest Rate Swaps, the Interest Rate Caps, the LIBOR Swaps, the Base Rate Swaps, the Declaration of Trust, the Scottish Declaration of Trust, any Supplemental Scottish Declaration of Trust, any Scottish Sub-Security, any Supplemental Deed of Charge, the Master Definitions Schedule and such other documents as are expressed to be subject to the charges under the Deed of Charge;

"Transfer"

a Registered Transfer, an Unregistered Transfer or a Scottish Transfer;

"Trust Accounts"

any accounts in the name of Britannic Money at the Account Bank to which payments are made in respect of amounts due and amounts received under the Mortgages together with the RBS Trust Accounts;

"Trust Deed"

the trust deed constituting the Notes dated the Issue Date entered into between the Issuer and Trustee;

"UK Listing Authority"

the Financial Services Authority in its capacity as the competent authority for listing in the UK;

"Unhedged Base Rate Linked Mortgages"

the aggregate outstanding principal balances of any Base Rate Linked Mortgages less the notional balances on all Base Rate Swaps;

"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland;
"Unregistered Transfer"	a transfer substantially in the form of Schedule IV or Schedule XVI, as appropriate, of the Mortgage Sale Agreement;
"VAT"	value added tax or any similar tax imposed in place thereof from time to time;
"Warranties"	the warranties of the Warrantors set out in Schedule I of the Mortgage Sale Agreement and "Warranty" means each and every one of them;
"Warrantors"	Britannic Money and Arianty;
"Warranty Claim"	a claim by the Issuer in connection with the Warranties.

- 1.2 Words denoting the singular number only shall include the plural number also and vice versa, words denoting one gender only shall include the other genders and words denoting persons only shall include firms and corporations and vice versa.
- 1.3 References in any Transaction Document to any statutory provision shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under any such re-enactment.
- 1.4 References herein to any of the parties hereto include references to their respective successors and persons deriving title under or through each of them.
- 1.5 A reference to clause or schedule is a reference to a clause of or a schedule to any Transaction Document.
- 1.6 References to the "assets" of any person shall be construed as a reference to the whole or any part of its business, undertaking, property, shareholdings, assets and revenues (including any right to receive revenues and uncalled capital).
- 1.7 Headings and sub-headings are inserted for convenience only.
- 1.8 References to "including" and "in particular" shall not be construed restrictively but shall mean "including, without prejudice to the generality of the foregoing" and "in particular, but without prejudice to the generality of the foregoing" respectively.
- 1.9 References to "law" shall include any present or future common law, statute, statutory instrument, treaty, regulation, directive, order, decree, other legislative measure, code, circular, notice, demand, or injunction, including those with which it is customary for persons to whom it is directed to comply, even if compliance is not mandatory.
- 1.10 References to "writing" include telex and facsimile transmission legibly received, except in relation to any certificate, forecast, report, notice, resolution or other document which is expressly required by any Relevant Document to be signed, and "written" has a corresponding meaning.
- 1.11 References to "leasehold" shall include any property in Scotland held under a long lease duly registered or recorded in the Registers of Scotland;

- 1.12 References to "mortgages" shall include loans secured by a standard security over property in Scotland and "mortgage" has a corresponding meaning;
- 1.13 References to "full title guarantee" shall include warrandice under Scots law;
- 1.14 References to "set-off" shall include analogous rights under Scots law.

2. COUNTERPARTS

This Agreement may be executed in any number of originals each of which shall have equal validity.

EXECUTED as a deed by)
 for and on behalf of **First Active plc**)
 under a power of attorney dated July 2001)
 in the presence of)

Authorised Signatory /s/ Andrew Vaughan

Authorised Signatory

Address: Skehan House
 Booterstown
 Co. Dublin
 Ireland

Fax: 00 353 1 288 5208
 Attn: Conor Holmes

EXECUTED as a deed by)
First Flexible No. 4 plc)
 Acting by two duly authorised signatories)

Authorised Signatory /s/ Andrew Vaughan

Authorised Signatory /s/ Robin Baker

Address: Sir William Atkins House
 Ashley Avenue
 Epsom
 Surrey KT18 5AS

Fax: 01372 737777
 Attn: The Company Secretary

EXECUTED as a deed by)
Britannic Money plc)
Acting by two duly authorised signatories)

Authorised Signatory /s/ Andrew Vaughan

Authorised Signatory /s/ Gill Wellman

Address: Sir William Atkins House
Ashley Avenue
Epsom
Surrey KT18 5AS

Fax: 01372 737777
Attn: The Company Secretary

EXECUTED as a deed by)
The Chase Manhattan Bank)
acting by two duly authorised signatories) /s/ Mark Jones

Authorised Signatory

Authorised Signatory

Address: Trinity Tower
9 Thomas More Street
London E1W 9YT

Fax: 020 7777 2000
Attn: 020 77775460

EXECUTED as a deed by)
Barclays Bank PLC) /s/ Brian Cook

Director

Address: 54 Lombard Street
London EC3V 9EX

Fax: 020 7699 3131
Attn: Brian Cook

EXECUTED as a deed by)
The Royal Bank Of Scotland plc) /s/ Michael Singleton

Director

Director/Secretary

Address: 2nd Floor
79-83 Colmore Row
Birmingham
B3 2AP

Fax: 0121 236 1658
Attn: Andrew Taylor, Corporate Banking

EXECUTED as a deed by)
Morgan Guaranty Trust Company of)
New York, London Branch) /s/ Gilbert J Dunlop

Director

Director/Signatory

Address: PO Box 161
60 Victoria Embankment
London
EC4Y 0JP

Fax: 020 7325 8150
Attn: Head of Legal Department

EXECUTED as a deed by)
Arianty No. 1 plc)
Acting by two duly authorised signatories)

Authorised Signatory /s/ Andrew Vaughan

Authorised Signatory /s/ Robin Baker

Address: Sir William Atkins House
Ashley Avenue
Epsom
Surrey KT18 5AS

Fax: 01372 737777
Attn: The Company Secretary