

DATED 11 JUNE 2002

FIRST ACTIVE PLC

- and -

FIRST FLEXIBLE NO. 5 PLC

- and -

JPMORGAN CHASE BANK

- and -

BRITANNIC MONEY PLC

- and -

ARIANTY NO. 1 PLC

MORTGAGE SALE AGREEMENT

Lovells

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THIS MORTGAGE SALE AGREEMENT is made on 11 June 2002

BETWEEN:

- (1) **First Active plc** whose registered office is at First Active House, Central Park, Leopardstown, Dublin 18, Ireland ("**First Active**" which expression shall include its successors and permitted assigns);
- (2) **First Flexible No. 5 PLC** (registered number 4236601) whose registered office is at Sir William Atkins House, Ashley Avenue, Epsom, Surrey KT18 5AS (the "**Issuer**" which expression shall include its successors and permitted assigns);
- (3) **JPMorgan Chase Bank** whose principal office is at Trinity Tower, 9 Thomas More Street, London E1W 1YT (the "**Trustee**" which expression shall include its successors and permitted assigns);
- (4) **Britannic Money plc** (registered number 2048895) whose registered office is at Sir William Atkins House, Ashley Avenue, Epsom, Surrey KT18 5AS ("**Britannic Money**" and the "**Servicer**" which expression shall include its successors and permitted assigns); and
- (5) **Arianty No.1 plc** (registered number 3946857) whose registered office is at Sir William Atkins House, Ashley Avenue, Epsom, Surrey KT18 5AS ("**Arianty**") which expression shall include its successors and permitted assigns.

WHEREAS:

- (A) First Active and Britannic Money carry on the business of originating mortgage loans secured on residential properties within England, Wales, Scotland and Northern Ireland.
- (B) First Active and Britannic Money transferred their beneficial interests in the Mortgages contained in the Initial Mortgage Pool together with the benefit of all collateral security to Arianty.
- (C) Arianty has agreed to sell, and the Issuer has agreed to purchase, the Mortgages contained in the Initial Mortgage Pool together with the benefit of all collateral security, on the terms and conditions herein.
- (D) First Active and Britannic Money have agreed to transfer legal title to the Mortgages to the Issuer in certain circumstances set out in this Agreement.
- (E) The Issuer may also purchase Pre-Funded Mortgages, Further Mortgages, Further Advances and the right to repayment of Redraws (including Payment Holidays) on the terms, inter alia, of this Agreement.

IT IS AGREED:

1. DEFINITIONS AND INTERPRETATION

The Master Definitions Schedule signed by, inter alios, First Active, the Issuer, Arianty, the Trustee and the Servicer (as the same may be amended, varied or supplemented from time to time with the consent of the parties thereto) is expressly and specifically incorporated into this document and, accordingly, the expressions defined in the Master Definitions Schedule (as so amended, varied or supplemented) shall, except where the context otherwise requires and save where otherwise defined herein, have the same meanings in this document.

2. SALE AND PURCHASE

2.1 On the Issue Date Arianty hereby agrees to sell with full title guarantee (or, in relation to Scottish Mortgages, with absolute warrandice or as beneficial owner in relation to the Mortgages in Northern Ireland) free from any Security Interest the Mortgages owned by it and contained in the Initial Mortgage Pool, subject to the fact that legal title to the Mortgages is held by the relevant Lender (subject to clause 5.5) and the Issuer hereby agrees to buy such Mortgages.

2.2 The sale and purchase of the Mortgages under clause 2.1 shall be subject to the terms of this Agreement and, where applicable, to the right of redemption of the Borrowers, and shall include all Arianty's rights, title, interest and benefit transferred, assigned and given to Arianty by the relevant Lender pursuant to the Origination Mortgage Sale Agreement including without limitation:

- (a) all the right, title, interest and benefit of Arianty (both present and future) to each Mortgage Loan, Mortgage and Related Security;
- (b) all the rights to receive all payments of principal and interest and all other sums due or to become due on each Mortgage Loan, Mortgage and Related Security and the right to demand and sue on all covenants, undertakings and obligations in favour of the relevant Lender and Arianty in each Mortgage and Related Security, including without limitation, covenants, undertakings and obligations on the part of any guarantors and the right to exercise all powers of the relevant Lender and Arianty in relation to each Mortgage and Related Security;
- (c) all other right, title, interest and benefit of Arianty (both present and future) in relation to the Mortgages and the Related Security including, without limitation, the right to determine and vary the Mortgage Rate in accordance with the terms of the Mortgages, any right of action against any solicitor, licensed or qualified conveyancer, valuer or any other person in connection with a Mortgage or Related Security;
- (d) all the right, title, interest and benefit of Arianty (both present and future) in the Insurance Contracts insofar as they relate to the Mortgages including, without prejudice to the generality of the foregoing, the right to receive the proceeds of any claim under any of the Insurance Contracts relating to the Mortgages;
- (e) all of Arianty's rights, title and interest in the estate, title and interest in the Properties vested in Arianty or the Lenders subject to redemption; and
- (f) all of Arianty's rights, title, interest and benefit in the rights, title, interest and benefit of the Lenders (both present and future) or in or under any causes and rights of action and other rights of the Lenders against any person who has guaranteed the payment of or otherwise indemnified the relevant Lender against the consequences of any default by a Borrower in payment of, or otherwise taking responsibility for, any indebtedness of a Borrower secured by the Mortgages.

3. SALE AND PURCHASE - ACKNOWLEDGEMENTS AND UNDERTAKINGS

3.1 It is hereby acknowledged and agreed by the Issuer that Arianty shall retain for its own benefit all sums paid in respect of any Mortgages up to but not including the Issue Date and the Issuer shall, subject to clause 3.2, retain for its own benefit all sums paid in respect of any Mortgages on or after the Issue Date except that all sums paid in respect of interest accrued up to but not including the Issue Date shall be paid by the Issuer to Arianty in accordance with clause 4.2.

3.2 If on, or at any time after, the Issue Date a Lender or Arianty holds, or there is held to its order, or it receives, or there is received to its order (otherwise than following a repurchase by Britannic Money or Arianty in accordance with clause 9):

- (a) any property, right, title, interest or benefit hereby agreed to be sold to the Issuer and/or the proceeds thereof; or
- (b) any correspondence relating thereto;

each of the Lenders and Arianty undertakes with the Issuer that it will hold such property, right, title, interest or benefit and/or the proceeds thereof upon trust for the Issuer or as the Issuer may direct and shall as soon as reasonably possible, in the case of proceeds, pay such proceeds to the Issuer or as the Issuer may direct, and, in the case of correspondence (subject to clause 5.5), deliver such correspondence to the Issuer.

3.3 If on, or any time after, the Issue Date the Issuer holds, or there is held to its order, or it receives, or there is received to its order, any property, interest, right or benefit relating to:

- (a) any Mortgage and its Related Security repurchased by Britannic Money or Arianty pursuant to clause 9; or
- (b) (without prejudice to clause 13) any amounts owed by a Borrower to a Lender which such Lender has not sold to Arianty pursuant to the Origination Mortgage Sale Agreement and consequently which Arianty has not sold to the Issuer pursuant to clause 2.1;

and/or the proceeds thereof, the Issuer undertakes with each Lender and Arianty that it will remit or transfer the same to the relevant Lender or Arianty, as appropriate, as the case may require, and until it does so or to the extent that the Issuer is unable to effect such remittance or transfer, the Issuer undertakes to hold such property, interest, right or benefit and/or the proceeds thereof upon trust for the relevant Lender or Arianty, as appropriate, as the beneficial owner thereof or as the relevant Lender or Arianty, as appropriate, may direct.

3.4 On the Issue Date:

- (a) Arianty shall deliver:
 - (i) to the Issuer a certified copy of the board resolution of Arianty authorising the sale of the Mortgages upon the terms and conditions of this Agreement and authorising execution and performance of this Agreement and all other documentation to be entered into pursuant to this Agreement; and
 - (ii) to the Issuer and the Trustee a Power of Attorney in favour of the Issuer and the Trustee (in the form of the draft in Schedule II) and a certificate of solvency dated the Issue Date;
- (b) the Issuer shall deliver to Arianty a certified copy of the board resolution of the Issuer authorising the purchase of the Mortgages upon the terms and conditions of this Agreement and authorising the execution and performance of this Agreement and all other documentation to be entered into pursuant to this Agreement;
- (c) each of the Lenders shall deliver to the Issuer and the Trustee a Power of Attorney in favour of the Issuer and the Trustee (in the form of the draft in Schedule II) and a certificate of solvency dated the Issue Date.

3.5 Arianty shall indemnify each of the Issuer and the Trustee against any and all liabilities, losses, costs, expenses, actions, proceedings, claims and demands whatsoever including VAT in respect thereof (collectively, "**losses**") that may be made against the Issuer and/or the Trustee by any Borrower or otherwise incurred by the Issuer and/or the Trustee by reason of any sale contemplated by this Agreement or which arises from any act or omission by either Lender and/or Arianty, as appropriate, arising from or in relation to its obligations or duties towards a Borrower; it is agreed that this indemnity shall extend to (and the relevant Lender shall not be liable for) any losses which arise from notice not being given to any Borrower, Surety, Insurance Company or any other person of any assignment or assignation by the Lenders to Arianty of the rights, titles, interests and benefits of the Lenders contemplated in the Origination Mortgage Sale Agreement; however, it is agreed that this indemnity shall not extend to (and Arianty shall not be liable for) any losses which arise from notice not being given to any Borrower, Surety, Insurance Company or any other person of any assignment or assignation by Arianty to the Issuer of the rights titles, interests and benefits of Arianty contemplated in this Agreement and any further assignment or assignation thereof and creation of Security Interests therein by the Issuer in favour of the Trustee as contemplated by the Deed of Charge save where Arianty acts in breach of, or in wilful default of, this Agreement or any of the Documents, or negligently, fraudulently, or in breach of trust (and it is also agreed that this indemnity shall not constitute Arianty a guarantor or surety of any obligations of the Issuer, any Borrower or any Insurance Company).

3.6 For the avoidance of doubt:

- (a) Arianty hereby acknowledges to the Lenders that all of its rights under the Origination Mortgage Sale Agreement in respect of the Mortgages have been transferred to the Issuer pursuant to clause 2.2 above;
- (b) Arianty covenants and undertakes to hold harmless and not enforce any of its rights against the Lenders or any obligations of the Lenders to Arianty under the Origination Mortgage Sale Agreement in respect of the Mortgages; and
- (c) Arianty covenants and undertakes not to exercise any rights under any existing power of attorney granted by either of the Lenders in respect of the Mortgages.
- (d) Arianty acknowledges that it has no interests, rights or benefits in respect of the Mortgages in the initial Mortgage Pool and as and when required, shall at all times act in accordance with the provisions of this Agreement and all directions of the Issuer and the Trustee. Arianty hereby confirms that all monies and other benefits it receives in respect of the Mortgages in the Initial Mortgage Pool and in respect of any Further Mortgages, Pre-Funded Mortgages or Substitute Mortgages (subject to any repurchase thereof) shall be held on trust for the benefit of the Issuer and the Trustee.

3.7 Without prejudice to the generality of clause 3.6 above, Arianty shall hold harmless and not enforce its rights to sell, re-transfer or re-assign to the relevant Lender any of the Mortgages pursuant to clause 8 of the Origination Mortgage Sale Agreement.

4. **CONSIDERATION**

4.1 The amount payable for the purchase of each Mortgage by the Issuer shall be equal to the Outstanding Principal Amount of such Mortgage and any amounts charged to the Borrower's account but unpaid on the Issue Date (inclusive of any VAT).

4.2 The parties shall use their reasonable endeavours to agree:

- (a) any unpaid amounts and any adjustments to the amount paid on the Issue Date which are required because of redemptions or errors in the calculation of the amounts paid on the Issue Date; and
- (b) amounts due to Arianty and/or the Lenders from the Issuer for the period between the Mortgage Payment Day before the Issue Date to the Issue Date

(the "**Reconciliation Amount**") on or before the Determination Date following the Issue Date. Payment of the Reconciliation Amount shall be made by or to the Issuer on the following Interest Payment Date, or earlier if so agreed between the parties.

- 4.3 The Issuer shall also pay amounts in respect of Arianty Deferred Purchase Consideration on each Interest Payment Date to the extent that funds are available for such purpose in accordance with the Priority of Payments. The amounts payable in terms of this Clause 4.3 shall be payable without allocation among the relevant Mortgages and shall be payable notwithstanding the actual amount of the Mortgage Loans sold from time to time by Arianty to the Issuer under this Agreement.

5. PROCEDURE ON AND AFTER THE ISSUE DATE

- 5.1 For the purpose of completing the sale and purchase of the Mortgages, on the Issue Date Arianty shall:

- (a) deliver to the Issuer the Closing List and the Closing Discs in respect of the Mortgages in the Initial Mortgage Pool;
- (b) produce to the Issuer a notice to the Insurance Companies which issued the Block Mortgage Indemnity Guarantee Policies and the Buildings Contingency Policy relating to the Mortgages (each a "**Notice to Insurance Companies**") of the assignment, or proposed assignment, on the Issue Date of the rights, titles, interest and benefits of Arianty therein to the Issuer and the further assignment thereof and creation of a Security Interest therein by the Issuer in favour of the Trustee pursuant to the Deed of Charge;
- (c) deliver to the Issuer the Scottish Declaration of Trust in respect of the Scottish Mortgages in the Initial Mortgage Pool (which the Issuer hereby agrees to execute and accept), duly executed by Britannic Money and Arianty and with the schedules thereto duly completed; and
- (d) deliver to the Issuer a duly executed Deed of Release and duly executed Form 403 relative thereto.

- 5.2 On the Issue Date, the Issuer shall pay the Purchase Price for the Mortgages calculated in accordance with clause 4.1 to the account of Arianty notified to the Issuer for the purposes of this Agreement for value on the Issue Date.

- 5.3 Any amount which is not paid on the due date in accordance with the provisions of this clause 5 shall bear interest at a rate equal to Note LIBOR then applicable to the Notes plus a margin of 1 per cent per annum from the due date to the date of actual payment.

- 5.4 In respect of each Mortgage sold by Arianty on the Issue Date, Arianty and/or the relevant Lender shall as from the Issue Date retain and hold (to the extent that the Issuer permits any documents referred to in this clause 5.4 to remain in the possession of Arianty and/or the relevant Lender on or after the Issue Date) the following for the benefit of and to the order of the Issuer but shall not be obliged to deliver them up to the Issuer except as provided otherwise in the Servicing Agreement or for the purposes set out in clause 5.5:

- (a) the Title Deeds for each Mortgage and the Property and Related Security relating thereto;

- (b) any Life Policies;
- (c) any Term Policies;
- (d) any details of the Pension Scheme Policies; and
- (e) the Mortgage Loan Files.

5.5 In respect of any Mortgage sold or transferred to, or acquired by the Issuer, the relevant Lender and/or Arianty, as appropriate, shall:

- (a) at any time and from time to time supply such information about the relevant Mortgages and their Related Security as the Issuer, the Trustee or any Rating Agency may reasonably require;
- (b) if so requested by the Issuer (with the consent of the Trustee) or the Trustee, deliver the items listed in clause 5.4 relating to the relevant Mortgages and the Transfers duly executed by the relevant Lender and/or Arianty, as appropriate, together with up-to-date schedules attached and duly executed, where necessary, and give notice of the assignment, assignation or transfer of each Mortgage Loan, Mortgage, Related Security or Insurance Contract to the relevant Borrower or Insurance Company together with notice of the creation of the security constituted by or pursuant to the Deed of Charge and effect such notifications and registrations or recordings as the Issuer or the Trustee (as the case may be) reasonably considers necessary to perfect its title to and protect its interests in the Mortgages including, without limitation, procuring the noting of the interest of the Issuer and the Trustee on the Insurance Contracts and upon the occurrence, inter alia, of any of the following events or circumstances:
 - (i) the Issuer or the Trustee becoming entitled to take steps to enforce the Mortgage or any Related Security;
 - (ii) if the relevant Lender and/or Arianty, as appropriate, is obliged to effect such notification and/or registration by an order of any court having jurisdiction, or by law or by any regulatory body;
 - (iii) if the Issuer or the Trustee in its reasonable opinion regards any security in respect of the Mortgage, or any part thereof, as being in jeopardy (including the possible insolvency of Arianty and/or Britannic Money and/or First Active (in respect of Mortgages originated by it)) and considers that such notification and/or registration would materially reduce such jeopardy;
 - (iv) the occurrence of an Event of Default under the Notes and the Trustee as a consequence has declared the Notes to be immediately due or repayable;
 - (v) the security under the Deed of Charge or any material part of such security is in jeopardy;
 - (vi) any action is taken for the winding-up, dissolution, administration or reorganisation of Arianty and/or Britannic Money and/or First Active (in respect of Mortgages originated by it) or any other entity in which legal title to any Mortgage is vested; or
 - (vii) Britannic Money ceases to be the Servicer pursuant to the Servicing Agreement and no replacement Servicer is appointed in accordance with the terms of the Servicing Agreement.

In the circumstances set out in (iii) and (vi) above relating to either Lender and/or Arianty, if requested by the Issuer (with the consent of the Trustee) or the Trustee, the relevant Lender or Arianty, as appropriate shall enter into agreements with the Issuer and each Borrower to novate or transfer each Mortgage Loan from such Lender or Arianty, as appropriate, to the Issuer and that Lender or Arianty, as appropriate, shall be discharged absolutely from its obligations under the relevant Mortgage Loans.

6. NON-VERIFIED MORTGAGES

To the extent that Arianty shall not have been able to verify receipt of the first payment of principal and/or interest by the relevant Borrower in accordance with the terms of any Non-Verified Mortgage prior to the Issue Date such non-Verified Mortgages shall be excluded from the Initial Mortgage Pool.

7. WARRANTIES AND UNDERTAKINGS OF THE ISSUER

The Issuer hereby represents and warrants to Arianty, each Lender and the Trustee that on the Issue Date:

- (a) the Issuer is duly incorporated as a public limited liability company under the laws of England and Wales with full power and authority to conduct its business as it is being conducted;
- (b) the transfer of the Mortgage Loans, the Mortgages and the Related Security and the execution and delivery of, and the compliance by the Issuer with the terms of this Agreement:
 - (i) do not contravene any relevant existing law, rule or regulation applying to or affecting this transaction; and
 - (ii) do not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, the constitutional documents of the Issuer or any judgment, order or decree of any governmental body or court having jurisdiction over the Issuer or result in a breach of any of the terms or provisions of, or constitute a default under, any trust deed, agreement or other instrument or obligation to which the Issuer is a party or by which the Issuer or any part of its undertaking, assets, property or revenues are bound which would have a material adverse effect on its ability to perform its obligations under this Agreement;
- (c) the sale and transfer of the Mortgage Loans, the Mortgages and the Related Security and the execution and delivery by the Issuer of this Agreement and the arrangements contemplated hereby have been duly authorised by the Issuer and this Agreement has been duly executed by the Issuer in accordance with such authorisation;
- (d) this Agreement and each document to be executed by the Issuer on or before the Issue Date when executed and delivered as herein contemplated will constitute valid and binding obligations of the Issuer; and
- (e) all consents, approvals, authorisations or other orders of all regulatory authorities required for or in connection with the execution and performance of this Agreement by the Issuer and any other matters contemplated hereby and thereby have been either unconditionally obtained and are in full force and effect or all the relevant applications have been made.

8. **WARRANTIES AND UNDERTAKINGS TO THE ISSUER AND THE TRUSTEE**

8.1 Arianty hereby warrants and represents to the Issuer and the Trustee as at the date on which each Mortgage was purchased by Arianty under the Origination Mortgage Sale Agreement:

- (a) on the Issue Date, in the terms of the Warranties set out in Schedule I; and
- (b) in relation to each Substitute Mortgage provided by Arianty and each Pre-Funded Mortgage and Further Mortgage sold by Arianty to the Issuer, in the terms of the Warranties set out in Schedule I on the Interest Payment Date such Further Mortgage and/or Substitute Mortgage is sold or, in relation to each Pre-Funded Mortgage purchased applying the Pre-Funding Amount, the date of such purchase but in each case construed as if any consequential changes required to give effect to the application of the Warranty concerned in the context of the Further Mortgage, Pre-Funded Mortgage or, as the case may be, Substitute Mortgage had been made, including, should Arianty hold legal title, substituting Arianty for the relevant Lender in this context, as appropriate.

8.2 Britannic Money hereby warrants and represents to the Issuer and the Trustee:

- (a) as at the date of the sale of the Mortgages to Arianty under the Origination Mortgage Sale Agreement on the Issue Date, in the terms of the Warranties set out in Schedule I;
- (b) as at the date of the sale of the Mortgages to Arianty under the Origination Mortgage Sale Agreement in relation to each Substitute Mortgage provided by Arianty, Pre-Funded Mortgage and Further Mortgage sold by Arianty to the Issuer, and in relation to each Substitute Mortgage provided by Britannic Money to the Issuer, in the terms of the Warranties set out in Schedule I on the Interest Payment Date such Further Mortgage and/or Substitute Mortgage provided by Arianty is acquired by the Issuer or, in relation to each Pre-Funded Mortgage purchased applying the Pre-Funding Amount, the date of such purchase or, in relation to each Substitute Mortgage provided by Britannic Money to the Issuer, the date it is so provided but in each case construed as if any consequential changes required to give effect to the application of the Warranty concerned in the context of the Further Mortgage, Pre-Funded Mortgage or, as the case may be, Substitute Mortgage had been made, including, should Arianty hold legal title, substituting Arianty for the relevant Lender in this context, as appropriate; and
- (c) in relation to each Further Advance sold by either Lender to the Issuer, in the terms of the Warranties set out in Schedule I at the date such Further Advance is made but construed as if (a) references to "**Mortgage**" included amounts secured by the Mortgage as increased by the Further Advance and (b) any other consequential changes required to give effect to the application of the Warranty concerned in the context of the Further Advance had been made.

8.3 Britannic Money, in its capacity as Administrator, hereby warrants and represents to Arianty, the Issuer and the Trustee, and Arianty hereby warrants and represents to the Issuer and the Trustee, with respect to the period between the date of sale of the Mortgages to Arianty under the Origination Mortgage Sale Agreement and (i) the Issue Date, or (ii) in relation to Pre-Funded Mortgages, Further Mortgages or Substitute Mortgages provided by Arianty, the date they are acquired by the Issuer, in the terms of the Warranties set out in Schedule I but in each case construed as if any consequential changes required to give effect to the application of the Warranty concerned in the context of the Further Mortgage, Pre-Funded Mortgage or, as the case may be, Substitute Mortgage had been made, including, should Arianty hold legal title, substituting Arianty for the relevant Lender in this context, as appropriate.

- 8.4 Each Lender and Arianty, should it hold legal title to any Mortgage, hereby covenants with and undertakes to each of the Issuer and the Trustee (for the avoidance of doubt on behalf of the Secured Creditors) that should such Lender or Arianty, as appropriate, be requested at any time to consent to a second charge or security over the Property relating to any Mortgage, such Lender or Arianty, as appropriate, will not consent to such a request unless a deed of postponement or ranking agreement has been entered into prior to such consent being granted under which the second chargee (or heritable creditor) confirms that any Redraw made under the relevant Mortgage will rank in priority to such second charge or security.
- 8.5 Each of Britannic Money and Arianty acknowledge that the Issuer and the Trustee have entered into this Agreement in reliance on the Warranties.
- 8.6 For the avoidance of doubt, the Warranties shall be separate and independent save as expressly provided for and shall not be limited by reference to any other clause or anything in this Agreement.

9. **BREACH OF WARRANTY TO THE ISSUER**

- 9.1 The Warrantors shall be jointly and severally liable for any breach of Warranty. If a breach of Warranty occurs in relation to a particular Mortgage or Mortgages then the Issuer shall, as soon as reasonably practicable after becoming aware of the same, give notice in writing of such breach to either Britannic Money or Arianty requiring either Warrantor if such breach is capable of remedy, to rectify such breach within 30 days of such notification and if the Warrantors fail to rectify such breach to the reasonable satisfaction of the Issuer within the specified time or such breach is not capable of remedy then either Warrantor shall repurchase such Mortgage or Mortgages (together with the Related Security the "**Affected Mortgage**" or "**Affected Mortgages**").
- 9.2 If a Warrantor is to repurchase the Affected Mortgage or Affected Mortgages as a result of a breach of Warranty, the Warrantors shall decide and notify the Issuer within five days after the expiry of the 30 day period referred to in clause 9.1 which of them shall complete the repurchase, which itself shall take place on (i) in the case of a breach capable of remedy which has not been so remedied, the Interest Payment Date after the expiry of the 30 day period referred to in clause 9.1, or (ii) in the case of a breach not capable of remedy, the Interest Payment Date immediately following a period of 20 days from (and including) the date on which notice was given in accordance with clause 9.1 (each such date, the "**Repurchase Date**"), when the relevant Warrantor shall pay the consideration to the Issuer or as the Issuer shall direct for such repurchase. For the avoidance of doubt, such notification of the identity of the repurchasing Warrantor shall be for administrative convenience only and shall not absolve the other Warrantor from its joint and several liability in respect of the relevant breach.
- 9.3 The consideration payable by a Warrantor to the Issuer in respect of each Affected Mortgage (the "**Repurchase Price**") will be, at the option of a Warrantor, either:
- (a) a sum equal to:
 - (i) the Outstanding Principal Amount of the Affected Mortgage and any amounts charged to the Borrower's Mortgage Account but unpaid as at the Repurchase Date; and
 - (ii) Accrued Interest and any other charges or fees relating to the Affected Mortgage up to but excluding the Repurchase Date; and
 - (iii) together with VAT (if any); or

- (b) the transfer of another mortgage originated by either Lender and complying with the eligibility criteria applicable to the Initial Mortgages (a "**Substitute Mortgage**") with an Adjusted Balance equal to or greater than the amount calculated in (a) above PROVIDED THAT the inclusion of such Mortgage would not result in a breach of any Warranty set out in Schedule I and the sum of the aggregate Outstanding Principal Amount of the Mortgages comprising the Mortgage Pool on the immediately preceding Determination Date and the Outstanding Principal Amount of the Substitute Mortgage offered plus the aggregate Potential Redraw Amount with respect to the Mortgages comprising the Mortgage Pool on the immediately preceding Determination Date and the Substitute Mortgage offered does not exceed the sum of the aggregate Outstanding Principal Amount of the Mortgages comprising the Mortgage Pool and the aggregate Potential Redraw Amount with respect to such Mortgages, each as at the Determination Date immediately preceding the last Interest Payment Date. If a Substitute Mortgage is transferred, Arianty and the Issuer shall, where appropriate, issue VAT invoices.

"Adjusted Balance" means:

- (i) in respect of any Substitute Mortgage, the original principal amount advanced to the Borrower thereunder plus any Further Advance made thereon and any Redraws thereunder; less
- (ii) any prepayment, repayment or payment of or in respect of any of the sums set out in clause 9.3(b)(i) above.

9.4 If either Warrantor shall repurchase the Affected Mortgage or Affected Mortgages on the Repurchase Date or transfers a Substitute Mortgage both Warrantors will be deemed not to have committed a breach of this Agreement as a result of the occurrence of a breach of Warranty. However if an Affected Mortgage is not repurchased in accordance with clause 9.2 on the Repurchase Date the Issuer shall be entitled to recover in respect thereof the full amount of its resulting losses and liabilities from either Warrantor.

9.5 Any repurchase by a Warrantor of an Affected Mortgage or transfer of a Substitute Mortgage pursuant to this clause 9 shall constitute a discharge and release of the Warrantors from all claims which the Issuer may have against the Warrantors in respect of that Affected Mortgage arising from the occurrence of the breach of Warranty but shall not affect its rights under clause 9 arising from the occurrence of a breach of Warranty in relation to any other Mortgage and for such purposes it will be treated as if it had never been a Mortgage purchased by the Issuer hereunder.

9.6 The Issuer acknowledges to and agrees with the Warrantors that:

- (a) no breach of, or any act or omission in respect of any of, the provisions of clause 8 shall give rise to any claim for damages on the part of the Issuer against the Warrantors other than as referred to in clauses 9.1 and 9.2 and the sole remedy of the Issuer in respect thereof shall be to take such action under clause 9 as may be available to it;
- (b) the Warrantors shall not have any liability or responsibility (whether, in either case contractual, tortious or otherwise, express or implied) for or in respect of any loss or damage suffered by the Issuer resulting from or arising out of any breach by any Borrower or Insurance Company of any of the obligations on their respective parts in respect of any Mortgage or Insurance Contract unless such matter constitutes a breach of Warranty or a breach by a Warrantor of its obligations under this Agreement; and
- (c) other than a repurchase of an Affected Mortgage pursuant to this clause 9, the Warrantors are under no obligation to repurchase any Mortgage from the Issuer.

9.7 On the Repurchase Date:

- (a) the Issuer shall at the relevant Warrantor's cost and expense deliver to the relevant Warrantor (or as it may direct) in respect of each Affected Mortgage:
 - (i) brief written details of the relevant Affected Mortgage or, if the Issuer has acquired legal title by the Repurchase Date, an executed Transfer in substantially the form set out in Schedule III, Schedule IV, Schedule XI, Schedule XII, Schedule XV or Schedule XVI (as appropriate) but with the Issuer as transferor and the relevant Warrantor as transferee and with such amendments as are necessary by reason of the circumstances of the breach of Warranty; and
 - (ii) all the deeds and documents in the possession of the Issuer relating to the Property on which the Affected Mortgage is secured; and
- (b) the relevant Warrantor shall discharge its obligation to pay the Repurchase Price by:
 - (i) paying to the Issuer the Repurchase Price together with VAT (if any) for value to the account of the Issuer notified to the relevant Warrantor for the purposes of this Agreement; or
 - (ii) delivering to the Issuer brief written details in relation to each Substitute Mortgage together with, if the relevant Substitute Mortgage is a Scottish Mortgage, an executed Supplemental Scottish Declaration of Trust duly executed by Britannic Money and Arianty (or, if Arianty has completed legal title to the relevant Substitute Mortgage, an executed Scottish declaration of trust or Scottish supplemental declaration of trust, as appropriate, granted by Arianty alone, substantially in the same form, *mutatis mutandis*, as the Scottish Declaration of Trust or Supplemental Scottish Declaration of Trust, as appropriate) (which the Issuer will accept and execute) in respect thereof;
- (c) both Warrantors shall in the case of clause (b)(ii) above, warrant and represent to the Issuer in relation to Substitute Mortgages in accordance with clause 8.

9.8 Subject to the Issuer receiving all sums due to it or the beneficial title to a Substitute Mortgage (and where relevant a Supplemental Scottish Declaration of Trust) the Issuer shall resell the Affected Mortgage or Affected Mortgages free from all Security Interests or other rights, interests or encumbrances created by the Issuer or persons claiming through the Issuer other than any Security Interests existing at the time of the original purchase by the Issuer and the Affected Mortgage or Affected Mortgages shall be automatically released from the Scottish Declaration of Trust or Supplemental Scottish Declaration of Trust, as appropriate.

10. **SALE AND PURCHASE OF FURTHER ADVANCES AND CONVERSIONS**

10.1 Following receipt of a notice from the Servicer pursuant to clause 18.1 of the Servicing Agreement that:

- (a) the Issuer has funds available to purchase such Further Advance on the next Interest Payment Date; and
- (b) the conditions set forth in clause 18 of the Servicing Agreement in respect of the Further Advance are satisfied,

the Issuer shall on the next succeeding Interest Payment Date purchase from the relevant Lender the Further Advance for a purchase price (inclusive of VAT) calculated in

accordance with clause 4.1 and 4.2 (as though references in clauses 4.1 and 4.2 were to the Further Advance and not to such Mortgage). For the purposes of calculating the Outstanding Principal Amount of the Further Advance, such amount shall be deemed to be the aggregate principal amount of the Further Advance together with any accrued but unpaid interest thereon.

- 10.2 For this purpose, the delivery of a notice from the Servicer will constitute an offer by the relevant Lender to sell the Further Advance pursuant to clause 10.1 to the Issuer for the purchase price and the payment of the purchase price by the Issuer in accordance with clause 10.3 will constitute acceptance of the offer and the transfer to the Issuer of full equitable and beneficial title and ownership (subject, in the case of a Further Advance relating to a Scottish Mortgage, to delivery of a duly executed Supplemental Scottish Declaration of Trust but only to the extent to which such beneficial title and ownership is not already so held in terms of the Scottish Trust) in such Further Advance.
- 10.3 Simultaneously, on completion of the sale and purchase of each Further Advance, the Issuer shall pay to the relevant Lender the purchase price for such Further Advance as specified in clause 10.1 to such account as the relevant Lender may from time to time direct.
- 10.4 If the conditions set out in clause 10.1 above have not been satisfied or the conditions for the Servicer to agree a Product Change set out in clause 21.1 of the Servicing Agreement are not satisfied on behalf of the Issuer, the Issuer may request the relevant Lender (in the relevant Lender's absolute discretion) to purchase the Mortgage in respect of which the Further Advance or Product Change request was made by delivering a notice to the relevant Lender in the form set out in Schedule VIII (a "**Purchase Notice**"). If the relevant Lender, at its option, agrees to purchase the Mortgage, the sale and purchase of such Mortgage shall take place on the date specified in the Purchase Notice but otherwise on the terms set out in clause 9 as if such Mortgage were an Affected Mortgage. If the relevant Lender does not purchase the Mortgage, the Servicer shall refuse the request for the Further Advance or Product Change.

11. **SALE AND PURCHASE OF PRE-FUNDED MORTGAGES AND FURTHER MORTGAGES**

- 11.1 As soon as practicable on or after the Issue Date, but no later than the third Interest Payment Date, and provided that the conditions set forth in clause 19.3 of the Servicing Agreement in respect of each Pre-Funded Mortgage are satisfied, the Issuer may purchase from Arianty, and Arianty hereby agrees to sell, Pre-Funded Mortgages for an aggregate purchase price equal to the Pre-Funding Amount and calculated in accordance with clause 4.1 and 4.2 above save that references therein to Issue Date shall be construed as to the date on which such purchase takes place. The payment of the purchase price by the Issuer will constitute acceptance of the offer (subject, in relation to any Scottish Pre-Funded Mortgage, to delivery of a Supplemental Scottish Declaration of Trust (or, if Arianty has completed legal title to the relevant Pre-Funded Mortgage, an executed Scottish declaration of trust or Scottish supplemental declaration of trust, as appropriate, granted by Arianty alone, substantially in the same form, *mutatis mutandis*, as the Scottish Declaration of Trust or Supplemental Scottish Declaration of Trust, as appropriate) in terms of clause 11.4) and the transfer to the Issuer of full equitable and beneficial title and ownership in the Pre-Funded Mortgages.
- 11.2 During the Substitution Period and following receipt of a notice from the Servicer pursuant to clause 19.3 of the Servicing Agreement that:
- (a) the Issuer has Principal Collections available for the purpose in accordance with the Priority of Payments to purchase a Further Mortgage; and
 - (b) the conditions set forth in clause 19.3 of the Servicing Agreement in respect of the Further Mortgage are satisfied,

the Issuer shall on the next succeeding Interest Payment Date purchase from Arianty the Further Mortgage for a purchase price calculated in accordance with clause 4.1 and 4.2 above save that references therein to Issue Date shall be construed as to the Interest Payment Date on which such purchase takes place.

- 11.3 For the purpose of clause 11.2, the delivery of a notice from the Servicer will constitute an offer by Arianty to sell the Further Mortgage pursuant to clause 11.2 to the Issuer for the purchase price and the payment of the purchase price by the Issuer in accordance with clause 11.2 will constitute acceptance of the offer and (subject, in relation to any Scottish Further Mortgage, to delivery of a Supplemental Scottish Declaration of Trust (or, if Arianty has completed legal title to the relevant Further Mortgage, an executed Scottish declaration of trust or Scottish supplemental declaration of trust, as appropriate, granted by Arianty alone, substantially in the same form, *mutatis mutandis*, as the Scottish Declaration of Trust or Supplemental Scottish Declaration of Trust, as appropriate) in terms of clause 11.4) the transfer to the Issuer of full equitable and beneficial title and ownership in the Further Mortgages.
- 11.4 The sale and purchase of each Pre-Funded Mortgage or Further Mortgage will be made on the terms contained in clauses 2.2, 3.1, 3.2, 3.3 and 5 (as appropriate, with references to the Issue Date construed as references to the Interest Payment Date (in relation to clause 11.2) or the date (in relation to clause 11.1) on which such Pre-Funded Mortgage or Further Mortgage is sold and reference (in clause 5.1(c)) to the Scottish Declaration of Trust construed as references to a Supplemental Scottish Declaration of Trust or other appropriate Scottish declaration of trust or Scottish supplemental declaration of trust as mentioned in clauses 11.2 and 11.3 above) and shall be deemed to be made by the Servicer making a drawing from the Transaction Account to reimburse Arianty for the amount of such Pre-Funded Mortgage or Further Mortgage.

12. REDRAWS

- 12.1 (a) Subject as set out in this clause 12 and clause 6.4 of the Servicing Agreement, the relevant Lender will continue to deal with Borrowers under the Mortgages in respect of requests for Redraws (including requests for Payment Holidays), and shall sell such Redraws to the Issuer in accordance with the provisions of this clause.
- (b) Prior to the transfer of legal title and ownership of the relevant Mortgage to the Issuer, the grant of a Borrower's request for a Payment Holiday is at the discretion of the relevant Lender, subject to the provisions of the Servicing Agreement and in particular to clause 6.4 thereof. If the request for a Payment Holiday is granted by the relevant Lender as set out above, the relevant Lender shall sell the Redraw thereby created in the manner set out in this clause.
- 12.2 On each Interest Payment Date the Issuer shall purchase the right to repayment of Redraws (including Payment Holidays) from the relevant Lender to the extent that it has Available Redraw Funds and the conditions set out in clause 20.2 of the Servicing Agreement are met, each as confirmed to the Issuer, Trustee and the relevant Lender by the Servicer pursuant to a notice under clause 20.2 of the Servicing Agreement. The Issuer shall purchase the right to repayment of each Redraw (including Payment Holidays) from the relevant Lender for an amount equal to the aggregate principal amount of such Redraw inclusive of VAT (if any). Each Lender hereby agrees to assign to the Issuer all of its rights, title and benefit to each Redraw relating to a Mortgage which it legally owns the right to repayment of which is to be purchased by the Issuer hereunder.
- 12.3 The delivery of a notice from the Servicer will constitute an offer by the relevant Lender to sell the right to repayment of the Redraw pursuant to clause 12.1 to the Issuer for the purchase price and the payment of the purchase price by the Issuer in accordance with clause 12.4 will constitute acceptance of the offer and the transfer to the Issuer of full

equitable and beneficial title and ownership (subject, in the case of a Redraw relating to a Scottish Mortgage, to delivery of a duly executed Supplemental Scottish Declaration of Trust but only to the extent to which such beneficial title and ownership is not already so held in terms of the Scottish Trust) of the right to repayment of the Redraw.

- 12.4 The sale and purchase of the right to repayment of each Redraw will be made on the terms contained in clause 2.2 (as appropriate) and shall (subject to clause 12.5 below) be deemed to be made by the Servicer making a drawing from the Transaction Account to reimburse the relevant Lender for the amount of such Redraw.
- 12.5 Each Lender hereby covenants and undertakes to the Issuer and the Trustee that it shall comply with the terms and conditions of each Mortgage which it legally owns including without limitation subject to any direction given by the Servicer in relation to Payment Holidays pursuant to clause 6.4 of the Servicing Agreement, the entitlement of Borrowers to effect Redraws. If a Lender shall not meet a request from a Borrower for a Redraw to which the Borrower is contractually entitled, whether in such Lender's insolvency or otherwise, which the Issuer would otherwise be obliged to purchase pursuant to this clause 12 and clause 20 of the Servicing Agreement, it is agreed that the Issuer shall be entitled to advance the Redraw to the Borrower on behalf of and in the name of that Lender pursuant to that Lender's Power of Attorney, following which the Issuer shall on the next Interest Payment Date effect such purchase. The sale and purchase of the right to repayment of each Redraw so funded by the Issuer shall be deemed to be made by the Issuer advancing the Redraw to the relevant Borrower and such advance shall be made in full satisfaction of the purchase price to be paid from amounts available under item (ix) of the Priority of Payments (including drawings under the Redraw Facility) so that no amounts shall be payable to the relevant Lender in respect of such purchase.

13. DECLARATION OF TRUST, ENFORCEMENT, SUBORDINATION AND NO PETITION

- 13.1 The Issuer hereby agrees and declares that it shall, subject as provided in this Agreement, hold on trust for the benefit of itself and the relevant Lender the benefit of the Related Security for each Mortgage (other than the Scottish Mortgages) and the proceeds of enforcement of the same as follows:

- (a) first, for such Lender, to the extent that the Issuer does not hold the whole of the benefit of such Mortgage Loan, the aggregate principal amount of (i) any Further Advances in respect of such Mortgage Loan which has not been purchased by the Issuer from such Lender and (ii) any Redraws (including Payment Holidays) in respect of such Mortgage Loan the right to repayment of which has not been purchased by the Issuer from such Lender; and thereafter
- (b) secondly, for itself, to the extent that the Issuer holds the benefit of the Mortgage Loan secured by such Related Security (and which shall include, for the avoidance of doubt, the aggregate principal amount of (i) any Further Advances in respect of such Mortgage Loan purchased by the Issuer from such Lender and (ii) any Redraws (including Payment Holidays) in respect of such Mortgage Loan the right to repayment of which has been purchased by the Issuer from such Lender),

and the Issuer and each Lender, as applicable, hereby further agree and undertake that they shall be obliged to account to each other for the benefit of the Related Security or any part thereof for each Scottish Mortgage and the proceeds of enforcement of the same accordingly.

- 13.2 Each of the Lenders agrees with the Issuer that, on the enforcement of any Mortgage and Related Security, any sums owed to such Lender by a Borrower and which are secured under such Mortgage and Related Security and the rights and remedies of such Lender in respect of the sums owed to it shall at all times be subject and subordinated to any sums owed to the Issuer by the relevant Borrower and which are secured under such Mortgage

and Related Security and to the rights and remedies of the Issuer in respect of such sums owed to the Issuer by the Borrower. The provisions of this clause 13.2 shall apply regardless of whether any deed of postponement, ranking agreement or other instrument in respect of the relevant Mortgage has been entered into between that Lender and the Issuer.

- 13.3 Britannic Money and Arianty agree with the Issuer and the Trustee to be bound by the terms of the Deed of Charge and, in particular, confirms that no sum payable to it under this Agreement shall be payable by the Issuer except in accordance with the Deed of Charge, the Priority of Payments and the Servicing Agreement unless and until all sums thereby required to be paid or provided for in priority thereto have been paid, provided for or discharged in full.
- 13.4 Britannic Money and Arianty further agree that only the Trustee may enforce the Security created in favour of the Trustee by or pursuant to the Deed of Charge in accordance with the provisions thereof and that such Lender or Arianty, as applicable, shall not take any steps for the purpose of recovering any debts whatsoever owing to it by the Issuer or enforcing any rights arising out of this Agreement against the Issuer or procuring the winding-up, administration or liquidation of the Issuer in respect of any of its liabilities whatsoever except to the extent permitted by the provisions of the Deed of Charge.
- 13.5 Each of the Lenders and Arianty agree that its rights against the Issuer under this Agreement are limited to the extent that such Lender or Arianty, as applicable, will not take any action or proceedings against the Issuer to recover any amounts payable by the Issuer to it under this Agreement, whether by set off or otherwise, except to the extent permitted by the provisions of the Deed of Charge and save to the extent that the Issuer has assets sufficient to meet such claim in full having taken into account all other liabilities both actual and contingent of the Issuer which rank in priority to its liabilities to that Lender or Arianty, as applicable, under this Agreement.
- 13.6 Each of the Lenders and Arianty hereby agree with the Issuer and the Trustee that it shall not, until two years following the payment of all sums outstanding and owing by the Issuer under the Notes, take any corporate action or other steps or legal proceedings for the winding-up, dissolution or re-organisation or for the appointment of a receiver, administrator, administrative receiver, trustee, liquidator, sequestrator or similar officer of the Issuer or of any or all of the Issuer's revenues and assets.
- 13.7 No recourse under any obligation, covenant, undertaking or agreement of the Issuer contained in this Agreement shall be had against any shareholder, officer or director (save in respect of any director's fraudulent acts or defaults) of the Issuer as such, by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of any statute or otherwise; it being expressly agreed and understood that this Agreement is a corporate obligation of the Issuer and no personal liability shall attach to or be incurred by the shareholders, officers, agents or directors (save in respect of any director's fraudulent acts or defaults) of the Issuer as such, or any of them, under or by reason of any of the obligations, covenants, undertakings or agreements of the Issuer contained in this Agreement, or implied therefrom, and that any and all personal liability for breaches by the Issuer of any of such obligations, covenants, or undertakings or agreements, either at common law or at equity, or by statute or constitution, of every such shareholder, officer, agent or director (save in respect of any director's fraudulent acts or defaults) is hereby expressly waived by each of the Lenders and Arianty as a condition of and consideration for the execution of this Agreement.
- 13.8 Without prejudice to the foregoing provisions of this clause, each of the Lenders and Arianty hereby covenants with and undertakes to the Issuer and the Trustee that if, whether in the liquidation of the Issuer or otherwise, any payment (whether of principal, interest or otherwise) is received by it under this Agreement other than in accordance with

the Deed of Charge, the Priority of Payments or the Servicing Agreement, the amount so paid shall be received and held by such Lender or Arianty, as applicable, upon trust for the Trustee and shall be paid over to the Trustee forthwith upon receipt provided however that this clause 13.8 shall have effect only to the extent that it does not constitute or create and is not deemed to constitute or create any mortgage, charge or other Security Interest of any kind.

- 13.9 The Issuer as trustee under clause 13.1 above shall have absolute and uncontrolled discretion as to the exercise of its powers as trustee and each of the Lenders and Arianty hereby acknowledges that the Issuer as trustee has such discretion.

14. CONFIDENTIAL INFORMATION

- 14.1 Save in connection with any judicial proceedings, none of the parties hereto will without prior written consent of the others disclose to third parties any information received or obtained in connection with the performance of its obligations under this Agreement provided however that the provisions of this clause 14 shall not apply:

- (a) to the disclosure of information to specified third parties expressly permitted in the Documents;
- (b) to any information already known to the recipient otherwise than as a result of entering into this Agreement;
- (c) to any information which is or becomes public knowledge otherwise than as a result of the conduct of the recipient;
- (d) to an extent which the recipient is required to disclose the same pursuant to any law or order of any Court or pursuant to any direction, request or requirement (whether or not having the force of law) or by any governmental or other authority (including, without limitation, any official bank examiners or regulators);
- (e) to the extent the recipient needs to disclose the same for the protection or enforcement of any of its rights under this Agreement, or any document referred to in this Agreement or as contemplated by the terms of the Agreement; or
- (f) to the extent that the recipient discloses the same to its holding company or its auditors or other professional advisors.

- 14.2 For the avoidance of any doubt the Issuer may not use the names of Borrowers or any information concerning such Borrowers obtained in connection with the Mortgages as appropriate and may not disclose such information to third parties for any purpose not connected with this Agreement subject to complying with the provisions of the Data Protection Act 1998 (as amended or replaced from time to time) and the terms contained in the Lender's Standard Documentation.

15. FURTHER ASSURANCES

- 15.1 The parties hereto agree that they will co-operate fully to do all such further acts and things and execute any further documents that may be necessary or desirable to give full effect to the transactions contemplated by this Agreement.
- 15.2 If the Issuer or the Trustee so require in writing, the Lenders (in their own capacity and as trustees under the Scottish Trust) and Arianty shall join in any legal proceedings brought by the Issuer or the Trustee against any person (other than themselves), relating to the Mortgages and related rights agreed to be sold hereby, subject always, unless otherwise provided herein, to the relevant Lender or Arianty, as appropriate, being fully indemnified for its costs by the Issuer or, as the case may be, the Trustee.

16. MERGER

Any term of this Agreement to which effect is not given on the date of this Agreement or the effect of which is intended to survive the signing of this Agreement (including in particular but without limitation the liability of the Warrantors under the representations, warranties and undertakings and the indemnities contained in clauses 3, 8 and 9 or the liability of the Issuer under the representations, warranties and undertakings contained in clause 7 and the agreement of Arianty to sell the Mortgage Loans, the Mortgages and the Related Security free from any Security Interest) shall not merge and shall remain in full force and effect notwithstanding the signing of this Agreement.

17. NO AGENCY OR PARTNERSHIP

It is hereby acknowledged and agreed by the parties that nothing in this Agreement shall be construed as giving rise to any relationship of agency save as expressly provided herein or partnership between the parties and that in fulfilling its obligations hereunder, each party shall be acting for its own account.

18. PAYMENTS AND CALCULATIONS

18.1 All payments to be made pursuant to this Agreement shall be made in Sterling in immediately available funds and shall be deemed to be made when they are received by the payee and shall be accounted for accordingly.

18.2 Unless otherwise provided in this Agreement, no delay or omission of the Issuer in exercising any right under this Agreement shall impair such right or be construed as a waiver thereof and any single or partial exercise of any such right shall not preclude the further exercise of any such right.

19. DISPUTES

If the relevant Lender and/or Arianty and/or the Issuer (as applicable) shall fail to agree within 10 Business Days of a dispute becoming apparent as to an amount payable under this Agreement then the matter in dispute may be referred at the request of any of them to an independent chartered accountant of at least five years' standing to be agreed by the parties or, failing agreement within 10 Business Days of such request, to be appointed at the request of any party by the President for the time being of the Institute of Chartered Accountants in England and Wales. The independent chartered accountant shall be bound to consider submissions by the relevant Lender, Arianty and the Issuer (as applicable) and their respective professional advisers (including, without limitation, submissions as to their costs). The relevant Lender, Arianty and the Issuer (as applicable) shall give access to such books of account and records as may be required to enable the independent chartered accountant to determine the matter in dispute. The costs of the parties in connection with the referral of any matter in dispute hereunder shall be borne as the parties shall agree or in default of agreement as such independent chartered accountant shall determine. The determination of the matter in dispute by that independent chartered accountant acting as an expert and not as arbitrator shall (in the absence of manifest error) be final and binding on the parties.

20. WAIVERS AND VARIATION

20.1 Exercise or failure to exercise any right under this Agreement shall not, unless otherwise herein provided, constitute a waiver of that or any other right.

20.2 No variation of this Agreement shall be effective unless it is in writing and signed by (or by some person duly authorised by) all the parties hereto.

21. ENTIRE AGREEMENT

- 21.1 The terms of each of the agreements and documents specified in Schedule X shall be deemed incorporated in this Agreement solely to the extent necessary to satisfy the requirements of Section 2 of the Law of Property (Miscellaneous Provisions) Act 1989 or, in relation to Northern Ireland, Section 2 of the Statute of Frauds (Ireland) Act 1695 (provided that each Lender and Arianty shall incur no liability to any party other than the Issuer (and each other in the case of the Lenders) by virtue of this clause 21).
- 21.2 This Agreement, the documents referred to in clause 21, each Scottish Transfer, the Scottish Declarations of Trust and each Supplemental Scottish Declaration of Trust constitute the entire Agreement and understanding between the parties in relation to the subject matter hereof and cancel and replace any other agreement or understanding.

22. NOTICES

Each communication to be made under this Agreement shall be made in writing but, unless otherwise stated, may be made by facsimile or letter. Any communication or document to be made or delivered by one person to another under this Agreement shall (unless that other person has by fifteen days' written notice to the first person specified another address) be made or delivered to that other person at the address identified with its signature in the Master Definitions Schedule and shall be deemed to have been made or delivered when despatched (in the case of any communication made by facsimile) or (in the case of any communication made by letter) when left at that address or (as the case may be) ten days after being deposited in the post postage prepaid in an envelope addressed to it at that address Provided always that any communication or document deemed made or delivered on a day which is not a Business Day shall be deemed to have been so made or delivered on the next following Business Day.

23. ASSIGNMENT

No party may assign or transfer any or all of its rights or obligations under this Agreement without the prior written consent of the other parties save that the Issuer may assign all its rights under this Agreement to the Trustee pursuant to the Deed of Charge. The Trustee may however assign its rights under this Agreement to a successor trustee appointed under the Trust Deed.

24. TRUSTEE PROVISIONS

- 24.1 If there is any change in the identity of the Trustee in accordance with the Trust Deed, Arianty, the Lenders, the Servicer and the Issuer shall execute such documents and take such action as the new Trustee and the outgoing Trustee may require for the purpose of vesting in the new Trustee the rights, powers and obligations of the Trustee, and releasing the outgoing Trustee from its future obligations, under this Agreement.
- 24.2 It is hereby acknowledged and agreed that, by its execution of this Agreement, the Trustee is party to this Agreement solely in its capacity as such and for the benefit of these provisions and shall not assume or have any of the obligations or liabilities of the Servicer, the Issuer, the Lenders or Arianty.

25. THIRD PARTY RIGHTS

No person, other than a party to this Agreement, shall have any right by virtue of the Contracts (Rights of Third Parties) Act 1999 to enforce any term (express or implied) of this Agreement but this is without prejudice to any right or remedy of a third party which may exist or be available apart from that Act.

26. **GOVERNING LAW**

This Agreement shall be governed by and construed in accordance with the laws of England provided that any terms hereof which are particular to Scots or Northern Irish law shall be construed in accordance with the laws of Scotland or Northern Ireland, as appropriate.

27. **JURISDICTION**

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with this Agreement and accordingly any legal action or proceedings arising out of or in connection with this Agreement ("**Proceedings**") may be brought in such courts. First Active hereby irrevocably submits to the jurisdiction of such courts and waives any objections to Proceedings in such courts on the ground of venue or the ground that the Proceedings have been brought in an inconvenient forum. This submission is for the benefit of the Trustee and shall not limit the right of the Trustee to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

28. **SERVICE OF PROCESS**

First Active hereby irrevocably appoints Britannic Money at the address identified with its signature in the Master Definitions Schedule to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by First Active). If for any reason such process agent ceases to be able to act as such or no longer has an address in England, First Active irrevocably agrees to appoint a substitute process agent acceptable to the Trustee and shall immediately notify the Trustee and other parties hereto of such appointment. Nothing shall affect the right to serve process in any other manner permitted by law.

29. **COSTS**

Britannic Money shall bear and pay on demand First Active's, and the other parties shall bear and pay their own, costs and expenses of and incidental to the preparation and execution of this Agreement. In addition, Britannic Money shall also bear and pay on demand any costs and expenses of First Active whatsoever incurred in connection with any further acts taken pursuant to clause 15 above.

30. **COUNTERPARTS**

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

IN WITNESS whereof this document has been executed by the parties hereto as a Deed the day and year first before written.

EXECUTED as a deed by)	
<u>Andrew Vaughan</u>)	
for and on behalf of)	
First Active plc)	<u>/s/ Andrew Vaughan</u>
under power of attorney dated)	
<u>7 June 2002</u>)	
In the presence of: <u>E Swan</u>)	

EXECUTED as a deed by)
Andrew Vaughan)
for and on behalf of)
First Flexible No. 5 plc) /s/ Andrew Vaughan
under power of attorney dated)
30 May 2002)
In the presence of: E Swan)

EXECUTED as a deed by)
JPMorgan Chase Bank) /s/ Remi Bola
acting by)

Director

EXECUTED as a deed by)
Andrew Vaughan)
for and on behalf of)
Britannic Money plc) /s/ Andrew Vaughan
under power of attorney dated)
30 May 2002)
In the presence of: E Swan)

EXECUTED as a deed by)
Andrew Vaughan)
for and on behalf of)
Arianty No. 1 plc) /s/ Andrew Vaughan
under power of attorney dated)
30 May 2002)
In the presence of: E Swan)

SCHEDULE I

Warranties to the Issuer

1. The particulars of each Mortgage set out in the relevant Closing List are complete, true and accurate in all respects. Arianty was the absolute beneficial owner of, or the person absolutely entitled to, and the relevant Lender is the legal owner of such Mortgages and the Mortgage Loans, the Related Security and the Insurance Contracts relating thereto and all rights, titles, interests and benefits sold and assigned pursuant to this Agreement. Each such Mortgage was acquired by Arianty pursuant to the Origination Mortgage Sale Agreement.
2. The particulars of each Mortgage contained in the relevant Closing Disc are a complete, true and accurate copy of the information held on Britannic Money's computer systems in respect of such Mortgage on the Business Day before the Issue Date.
3. Each Mortgage constitutes a valid and binding obligation of the Borrower enforceable in accordance with its terms and secures the repayment of the Mortgage Loan and all interest, costs and expenses payable by the Borrower. Without prejudice to the generality of the foregoing there is no term of any Mortgage which would not be binding on the relevant Borrower pursuant to the Unfair Terms in Consumer Contracts Regulations 1999.
4. Each Mortgage constitutes a valid and subsisting first charge by way of legal mortgage, or (in relation to Scottish Mortgages) standard security, or (in relation to Northern Irish Mortgages) fixed charge or mortgage, over the relevant Property.
5. Each Mortgage is secured on a residential property in England, Wales, Scotland or Northern Ireland.
6. All things necessary to perfect the vesting of the full title to each Mortgage in the relevant Lender (being, in the case of Scottish Mortgages, Britannic Money) were duly done at the appropriate time or are in the process of being done.
7. No sub-mortgage, sub-standard security, sub-charge, pledge, assignment in security, lien or right of set-off, counterclaim or other Security Interest or other adverse right or interest has been created or arisen or subsists between the relevant Lender and any Borrower and the relevant Lender has not assigned (whether by way of absolute assignment or assignment or by way of security only), transferred, charged, disposed of, dealt with or otherwise created or allowed to arise or subsist any Security Interest or other adverse right or interest in the relevant Lender's right, title, interest and benefit in or to any of the Mortgages, any of the other rights relating thereto or any of the property, rights, titles, interests or benefits to be sold or assigned pursuant to this Agreement or charged pursuant to the Deed of Charge in any way whatsoever other than pursuant to this Agreement or the Origination Deed of Charge.
8. Prior to making an advance to a Borrower all investigations, searches and other actions that a prudent mortgage lender normally undertakes when advancing money to an individual for the purchase or remortgage of a private dwelling on the security of such residential property in England, Wales, Scotland or Northern Ireland as appropriate were taken by Britannic Money or on its behalf in respect of each mortgage and the results thereof were acceptable to the relevant Lender in accordance with the Lending Policy for the purposes of the proposed advance.
9. Prior to taking a Mortgage, a valuation of the relevant Property was undertaken on Britannic Money's behalf by an independent qualified valuer approved by Britannic Money.

10. In relation to each Mortgage of Property in England or Wales the Borrower has in the relevant Property a good and marketable title and (i) if the Property is not registered, it is comprised in either a fee simple absolute in possession (if freehold) or a term of years absolute (if leasehold) of not less than 30 years beyond the term of the Mortgage relating to such Property (unless such Mortgage is deemed by Britannic Money, in accordance with the Lending Criteria, to be of lower risk, based on the relevant LTV and credit score) and is free from any encumbrance which would affect such title and (ii) if the Property is registered, it has been registered with title absolute (if freehold) or absolute or good leasehold title of the requisite term (if leasehold) or is in the process of being so registered.
11. In relation to each Scottish Mortgage the Borrower has a valid and marketable title to the relevant Property, duly registered or recorded, or in process of being registered or recorded, with absolute warrandice (and, in relation to registered titles, without exclusion of indemnity) in the Registers of Scotland free from any encumbrance which would affect such title, and comprises either a heritable title or a long lease of not less than 30 years beyond the term of the Mortgage.
12. In relation to each Mortgage of Property in Northern Ireland the Borrower has in the relevant Property a good and marketable title and (i) if the Property is not registered, it is comprised in either a fee simple absolute (if freehold) or a term of years (if leasehold) of not less than 30 years beyond the term of the Mortgage relating to such Property and is free from any encumbrance which would affect such title and (ii) if the Property is registered, it has been registered with title absolute (if freehold) or good leasehold estate title of the requisite term (if leasehold) or is in the process of being so registered.
13. In relation to each Mortgage of Property in England or Wales title to which is registered, an application for registration of the Mortgage was delivered to HM Land Registry within the priority period conferred by an official search against the relevant title at HM Land Registry and, in relation to each Mortgage of Property in England or Wales title to which is unregistered, such Mortgage was completed within the priority period conferred by an official search at the Land Charges Department and, where such unregistered Property is subject to first registration, an application for registration of the Borrower's title and of the Mortgage was delivered to HM Land Registry within two months from the date of the dealing giving rise to first registration in accordance with s 123 Land Registration Act 1925 and HM Land Registry has acknowledged receipt of such application.
14. In relation to each Mortgage of Property in Northern Ireland title to which is registered, an application for registration of the Mortgage was delivered to the Land Registry of Northern Ireland within the priority period conferred by an official search against the relevant title at the Land Registry of Northern Ireland and, in relation to each Mortgage of Property in Northern Ireland title to which is unregistered, such Mortgage was completed pursuant to a search at the Registry of Deeds, Belfast and, where such unregistered Property is subject to first registration, an application for registration of the Borrower's title and of the Mortgage was delivered to the Land Registry of Northern Ireland within two months from the date of the dealing giving rise to first registration in accordance with Rule 11(1) of the Land Registration Rules (NI) 1977 and the Land Registry of Northern Ireland has acknowledged receipt of such application.
15. Prior to making an advance to a Borrower, the nature and amount of the proposed advance and the circumstances of the relevant Borrower and Property satisfied the Lending Policy in all material respects.
16. Each advance was made on the terms of the relevant Lender's Standard Documentation without any material variation thereto.
17. Where a Borrower has granted a tenancy of a Property subject to a Mortgage:

- (a) the tenancy so granted is a valid assured shorthold tenancy within the meaning of the Housing Act 1988 or is a valid short assured tenancy within the meaning of the Housing (Scotland) Act 1988 (an "**Assured Shorthold Tenancy**") for a fixed term of not more than 12 months or the tenancy is on such terms that the occupier will have no security of tenure;
 - (b) the Warrantors are not aware of any material breach of any such tenancy; and
 - (c) prior to making an advance to the Borrower, a rental income estimate on the relevant Property was obtained from an independent qualified valuer approved by the relevant Lender.
18. No agreement relating to any Mortgage (including Redraws) or Further Advance is a Consumer Credit Agreement (as defined in s 8 Consumer Credit Act 1974) or constitutes any other agreement regulated or partly regulated by the Consumer Credit Act 1974 (other than ss 137 to 140 of such Act) or any modification or re-enactment thereof.
19. Interest on each Mortgage is charged in accordance with the provisions of the Mortgage Deed and may be set by the relevant Lender and its successors in title.
20. All the Mortgages in the Initial Mortgage Pool were completed before 1 May 2002.
21. As at 30 April 2002, none of the Mortgages in the Initial Mortgage Pool were in arrears by an amount in excess of one scheduled monthly payment or had been in arrears in excess of one scheduled monthly payment during the preceding 12 months (or if originated more recently, the period since origination). As at the date on which they are acquired by the Issuer, no Pre-Funded Mortgages, Substitute Mortgages or Further Mortgages are in arrears by an amount in excess of one monthly scheduled payment or had so been in arrears during the 12 months preceding the date on which they are so acquired.
22. At least one payment of principal and/or interest has been made by the relevant Borrower under each Mortgage Loan.
23. The relevant Property is insured (i) under a Buildings Policy, either in the joint names of the Borrower and Britannic Money or with the interest of Britannic Money (as mortgagee or heritable creditor) endorsed or otherwise noted thereon or, (ii) in the case of leasehold property which is covered by a landlord's buildings insurance policy, with, where possible, the interests of Britannic Money and the Borrower endorsed thereon, in each case with an insurance company approved by Britannic Money, against risks usually covered by mortgage lenders in England, Wales, Scotland or Northern Ireland (as appropriate) when advancing money on the security of residential property of the same nature to an amount not less than the full reinstatement value determined by Britannic Money's or First Active's, as the case may be, valuer or, (iii) insured under a Buildings Contingency Policy.
24. The Building Contingency Policy is in the name of Britannic Money and Britannic Money's interest is noted thereon and, to the best of the knowledge and belief of the relevant Warrantor, the Building Contingency Policy is in full force and effect and will not be adversely affected by the sale of the relevant Mortgage to the Issuer and the creation of any Security Interest in such Building Contingency Policy by the Issuer in favour of the Trustee.
25. If the Property subject to any Mortgage is leasehold or (in Scotland) is held under long lease any requisite consent of the landlord to, or notice to the landlord of, the creation of such Mortgage has been obtained or given and no consent of or notice to the landlord is required to the transfer, assignation or subcharge of such Mortgage and, if documents relating to such Property are held by the relevant Lender to the order of the Issuer and the Trustee, a copy of such consent or notice has been placed with the title deeds relating

thereto and, if documents relating to such Property are held to the order of the relevant Lender, a copy of such consent is held to the order of the relevant Lender.

26. The Mortgage Term of each Mortgage ends no later than May 2032.
27. The relevant Lender has since the creation of each Mortgage kept full and proper accounts, books and records showing clearly all transactions, payments, receipts and proceedings relating to that Mortgage and all such accounts, books and records are up to date and in the possession of the relevant Lender or held to its order.
28. Neither the Lenders nor any of their agents have received written notice of any litigation, dispute or complaint (subsisting, threatened or pending) which affect or might materially affect any Mortgage or any of the Related Security.
29. All the Title Deeds, the deeds constituting the Mortgages, any Life Policies relating to the Mortgages and the mortgage file and computer tapes relating to each of the Mortgages are held by, or to the order of, the relevant Lender.
30. None of the Borrowers are employees of the relevant Lender.
31. So far as the relevant Lender is aware each Borrower under a Mortgage Loan is either an individual or more than one individual or, in respect of Investment Home Loans only, a company.
32. Neither Lender has received written notice from any solicitor acting for a Borrower claiming any right of set off (or equivalent rights under Scots law) against such Lender or claiming any other sums due to the Borrower from such Lender.
33. Each Mortgage is capable of assignment or assignation to the Issuer without the further consent of, or notice to, the relevant Borrower.
34. Each Borrower of a Flexible Mortgage is obliged to make a minimum monthly payment unless the relevant Lender has agreed otherwise with the Borrower.
35. Where the relevant Lender has been requested to consent to a second charge or security over Property relating to any Mortgage, before consenting to such a request, the relevant Lender has entered into a deed of postponement or ranking agreement under which the second chargee has confirmed that any Redraw made under the relevant Mortgage will rank in priority to such second charge or security.

SCHEDULE II

Power of Attorney to the Issuer and the Trustee

This Power of Attorney is made on • 2002

By:

- (1) **[First Active plc** (registered number 292890)/**Britannic Money plc** (registered number 2048895)/**Arianty No. 1 plc** (registered number 3946857)] whose registered office is at First Active House, Central Park, Leopardstown, Dublin 18, Ireland/ Sir William Atkins House, Ashley Avenue, Epsom, Surrey KT18 5AS] ("**First Active**"/"**Britannic Money**"/"**Arianty**");

In Favour Of:

- (2) **First Flexible No. 5 plc** (registered number 4236601) whose registered office is at Sir William Atkins House, Ashley Avenue, Epsom, Surrey KT18 5AS (the "**Issuer**") which expression shall include its successors and permitted assigns; and
- (3) **JP Morgan Chase Bank** whose principal office is at Trinity Tower, 9 Thomas More Street, London E1W 1YT (the "**Trustee**").

WHEREAS:

- (A) Under a mortgage sale agreement (the "**Mortgage Sale Agreement**") dated 11 June 2002 and made between the Issuer (1), First Active (2), Britannic Money (3), Arianty (4) and the Trustee (5), Arianty agreed to transfer to the Issuer the beneficial interest in the Mortgages, Mortgage Loans and Related Security (the "**Charges**") legal title to which is held by First Active or Britannic Money or which may in the future be held by Arianty and[, with the consent and at the request of Arianty,] [First Active/Britannic Money/Arianty] has agreed to transfer the legal title it [holds/may hold] to the Issuer and take other steps in relation to the Charges upon the occurrence of certain events as specified therein and the Issuer has charged its interests in the Charges and its rights under the Mortgage Sale Agreement to the Trustee as security for its obligations under its issue of £465 million Class A mortgage backed floating rate notes due 2034, £22.5 million Class M mortgage backed floating rate notes due 2034 and £12.5 million Class B mortgage backed floating rate notes due 2034.
- (B) Under the Mortgage Sale Agreement [First Active/Britannic Money/Arianty] has agreed to enter into this power of attorney for the purposes hereinafter appearing.

NOW THIS DEED WITNESSETH as follows:

1. Expressions defined in the Master Definitions Schedule dated 11 June 2002 and made between, inter alios, First Active, Britannic, Arianty, the Issuer and the Trustee shall have the same meanings in this Power of Attorney.
2. [FIRST ACTIVE/BRITANNIC MONEY/ARIANTY] HEREBY APPOINTS the Issuer and the Trustee severally to be its true and lawful attorney for it and in its name to do the following acts and things or any of them (with full power to appoint substitutes and to sub-delegate, including power to authorise the person so appointed to make further appointments and sub-delegations) on behalf of [First Active/Britannic Money/Arianty] and in its name or otherwise:

- (a) to carry out and to do any of the acts and things referred to in clause 5.5 of the Mortgage Sale Agreement including, as applicable and without limitation, executing Transfers and/or entering into agreements with the Issuer and each Borrower to novate each Mortgage Loan, legal title to which is held by [First Active/Britannic Money/Arianty] from [First Active/Britannic Money/Arianty] to the Issuer in which event [First Active/Britannic Money/Arianty] shall be discharged absolutely from its obligations under the relevant Mortgage Loan;
 - (b) to exercise any rights and powers under the Mortgages legal title to which is held by [First Active/Britannic Money/Arianty] and for that purpose to execute or sign any deeds or documents and do anything it deems necessary to secure the proprietary interests of the Mortgages, legal title to which is held by [First Active/Britannic Money/Arianty];
 - (c) [to advance Redraws to Borrowers and to assign the right to repayment of the same to the Issuer pursuant to clause 12 of the Mortgage Sale Agreement;]
 - (d) to exercise all rights, discretions and powers under the Mortgages, legal title to which is held by [First Active/Britannic Money/Arianty] and the Related Security;
 - (e) to demand, sue for and receive all monies due or payable under the Mortgages legal title which is held by [First Active/Britannic Money/Arianty] and the Related Security;
 - (f) upon payment of each monies, to give good receipts and discharges for the same and execute such receipts, assignments, retrocessions and releases as may be requisite; and
 - (g) from time to time substitute and appoint severally one or more attorney or attorneys for all or any of the purposes set out in this clause 2.
3. [First Active/Britannic Money/Arianty] hereby agrees at all times to ratify and confirm whatsoever any act, matter or deed the attorney shall lawfully do or cause to be done pursuant to this Power of Attorney.
 4. [First Active/Britannic Money/Arianty] hereby declares that, this Power of Attorney having been given for security purposes and to secure a continuing obligation, the power hereby created shall be irrevocable from the date hereof until the earlier of (a) all registrations and recordings at [HM Land Registry, the Registers of Scotland or the Land Registers of Northern Ireland] in relation to the Charges over the Properties in [England, Wales, Scotland or Northern Ireland,] respectively, or all required notices given as set out in clause 5.5 of the Mortgage Sale Agreement have been made and (b) both the Issuer and the Trustee have no further interest in the Mortgages legal title to which is held by [First Active/Britannic Money/Arianty].
 5. This Power of Attorney shall be governed by and construed in accordance with the laws of [England/the Republic of Ireland provided that any terms hereof which are particular to Scots, Northern Irish or English law shall be construed in accordance with the laws of Scotland, Northern Ireland or England, as appropriate].

IN WITNESS of which [First Active/Britannic Money/Arianty] has executed this Power of Attorney as a deed on the date which first appears above.

[EXECUTED as a deed by)
)
for and on behalf of)
[**Britannic Money plc/Arianty No. 1 plc**])
under power of attorney dated)
)
In the presence of:)]

[PRESENT when the Common Seal
of **First Active plc** was affixed hereto

Director

Director/Secretary]

SCHEDULE III

REGISTERED TRANSFER

**Form of Transfer Registered Land
H M Land Registry
Land Registration Acts 1925 to 1988
Transfer of Charges**

Title Number: As listed in Column 1 of the Schedule

Properties: As listed in Column 2 of the Schedule

Date:

[**First Active plc** (registered number: 292890)/**Britannic Money plc** (registered number 2048895)/**Arianty No. 1 plc** (registered number: 3946857)] whose registered office is at [First Active House, Central Park, Leopardstown, Dublin 18, Ireland/Sir William Atkins House, Ashley Avenue, Epsom, Surrey KT18 5AS] (the "**Transferor**") [CONSIDERING THAT it has sold the charge or charges ("**Mortgage(s)**") particulars of which are contained in the Schedule hereto and others aftermentioned to Arianty No. 1 plc (registered number: 3946857) whose registered office is at Sir Williams Atkins House, Ashley Avenue, Epsom, Surrey KT18 5AS ("**Arianty**") and FURTHER CONSIDERING THAT, without taking legal title thereto, Arianty has pursuant to a Mortgage Sale Agreement between the Transferor, **First Flexible No. 5 plc** (registered number: 4236601) whose registered office is at Sir William Atkins House, Ashley Avenue, Epsom, Surrey KT18 5AS (the "**Transferee**"), Arianty and others dated 11 June 2002 (the "**Mortgage Sale Agreement**") sold its whole right, title and interest in and to the said Mortgage(s) and others to the Transferee NOW THEREFORE the Transferor at the request and with the consent and concurrence of Arianty for its respective right, title and interest in and to the said Mortgage(s) and others IN CONSIDERATION of the sums payable pursuant to the Mortgage Sale Agreement] hereby with full title guarantee transfers, conveys, assigns to [**First Flexible No. 5 plc** (registered number: 4236601) whose registered office is at Sir William Atkins House, Ashley Avenue, Epsom, Surrey KT18 5AS (the "**Transferee**")/the Transferee] the Mortgage(s) including without limitation all right, title, interest and benefits of the Transferor therein including for the avoidance of doubt the right to receive all payment of principal and interest and all other sums to become due in respect thereof and the right to sue on all covenants made or expressly made in favour of the Transferor in the Mortgages, including covenants and obligations on the part of sureties (if any) and the right to exercise all powers of the Transferor in relation to the Mortgages;

and together with:

1. all other right, title, interest and benefit of the Transferor (both present and future) in relation to the Mortgages, the Mortgage Loans and any Related Security including without limitation any right of action against any solicitor, licensed conveyancer, valuer or other person in connection with a Mortgage or affecting the Transferor's decision to make the relevant Mortgage Loan;
2. all the estate, title and interest in the Properties vested in the Transferor subject to redemption;
3. all right, title, interest and benefit of the Transferor (both present and future) in or under any causes and rights of action and other rights of the Transferor against any person who has guaranteed the payment of or otherwise indemnified the Transferor against the consequences of any default by a Borrower in payment of, or otherwise taking

responsibility for, any indebtedness of a Borrower assigned to the Transferee hereunder; and

4. all right, title interest and benefit as the Transferor has in and to the Insurance Contracts insofar as they relate to the Mortgages, the relevant Loan or the Property.

In this transfer:

"Borrower" means, in relation to a Mortgage, the same person or persons as is named and defined as such in the mortgage deed relating thereto and any person undertaking the obligations of the Borrower (other than as surety);

"Insurance Policies" means any buildings insurance policy or policies brief particulars of which are set out in the Schedule hereto;

"Loans" means the aggregate of all advances made by the Transferor to the Borrowers and from time to time outstanding (including all capital sums) which are secured by the Mortgages and **"Loan"** means any one of them;

"Property" means, in relation to each Mortgage, the freehold or leasehold residential property in England or Wales on which the relevant Loan is secured;

"Related Security" means, in relation to any Mortgage, any rights against any guarantor relating thereto and where relevant any deeds of postponement, consents and charges by occupiers of Properties and any other security taken to secure the same obligations on the part of the relevant Borrower secured by the Mortgage.

IN WITNESS whereof this document has been executed by the Transferor as a Deed the day and year first before written.

Schedule referred to above

1	2	3	4	5	6
Title No.	Property	Date of Advance	Registration Date of Charge	Borrower	Insurance Policies

EXECUTED as a deed by)
)
for and on behalf of)
[First Active plc/Britannic Money plc/)
Arianty No. 1 plc])
under power of attorney dated)
)
In the presence of:)

SCHEDULE IV

UNREGISTERED TRANSFER

Form of Transfer (Unregistered Land)

THIS TRANSFER OF MORTGAGES is made • 2002

BETWEEN:

[First Active plc (registered number: 292890)/**Britannic Money plc** (registered number 2048895)/**Arianty No. 1 plc** (registered number: 3946857)] whose registered office is at [First Active House, Central Park, Leopardstown, Dublin 18, Ireland/ whose registered office is at Sir William Atkins House, Ashley Avenue, Epsom, Surrey KT18 5AS (the "**Transferor**") and **First Flexible No. 5 plc** (registered number: 4236601) whose registered office is at Sir William Atkins House, Ashley Avenue, Epsom, Surrey KT18 5AS (the "**Transferee**") of the other part and **[Arianty No. 1 plc** (registered number: 3946857) whose registered office is at Sir Williams Atkins House, Ashley Avenue, Epsom, Surrey KT18 5AS ("**Arianty**")]

WHEREAS:

- (A) By the mortgages ("**Mortgages**") brief particulars of which are contained in the Schedule hereto the properties ("**Properties**") brief particulars of which are contained in the Schedule hereto became security for the repayment of the moneys advanced pursuant to the Mortgages.
- (B) Pursuant to a Mortgage Sale Agreement dated 11 June 2002 (the "**Agreement**") the Transferor has agreed with the Transferee to transfer the Mortgages to the Transferee on and subject to the terms and conditions hereinafter mentioned.

NOW THIS DEED WITNESSETH as follows:

In pursuance of the Agreement [and CONSIDERING THAT] the Transferor [has sold the Mortgage(s) and others aftermentioned to Arianty and FURTHER CONSIDERING THAT, without taking legal title thereto, Arianty has, pursuant to the Agreement, sold its whole right, title and interest in and to the said Mortgage(s) and others to the Transferee NOW THEREFORE the Transferor at the request and with the consent and concurrence of Arianty for its respective right, title and interest in and to the said Mortgage(s) and others IN CONSIDERATION of the sums payable pursuant to the Agreement] hereby with full title guarantee transfers to the Transferee the Mortgages including all right, title, interest and benefit of the Transferor therein including for the avoidance of doubt the right to receive all payments of principal and interest and all other sums due or to become due in respect thereof and the right to sue on all covenants made or expressly made in favour of the Transferor in each Mortgage, including covenants and obligations on the part of the sureties (if any) and the right to exercise all power of the Transferor in relation to each Mortgage;

and together with:

1. all other right, title, interest and benefit of the Transferor (both present and future) in relation to the Mortgages, the Loans and the Related Security including without limitation any right of action against any solicitor, licensed conveyancer, valuer or other person in connection with a Mortgage or affecting the Transferor's decision to make the relevant Loan;
2. all the estate, title and interest in the Properties vested in the Transferor subject to redemption;

- 3. all right, title, interest and benefit of the Transferor (both present and future) in or under any causes and rights of action and other rights of the Transferor against any person who has guaranteed the payment of or otherwise indemnified the Transferor against the consequences of any default by a Borrower in payment of, or otherwise taking responsibility for, any indebtedness of a Borrower assigned to the Transferee hereunder; and
- 4. all right, title, interest and benefit of the Transferor has in and to the Insurance Contracts insofar as they relate to the Mortgages, the relevant Loan and the Property.

TO HOLD unto the Transferee absolutely

Terms defined in the Agreement (other than the term "**Mortgages**") shall bear the same meaning in this transfer.

In Witness whereof this document has been executed by the Transferor as a Deed the day and year first before written.

Schedule referred to above

1	2	3	4
Property	Borrower	Date of Mortgage	Insurance Policies

EXECUTED as a deed by)
)
 for and on behalf of)
[First Active plc/Britannic Money plc/)
Arianty No. 1 plc])
 under power of attorney dated)
)
 In the presence of:)

SCHEDULE V

BUILDINGS CONTINGENCY POLICY

Legal & General HX 93318551-4

SCHEDULE VI

Block Mortgage Indemnity Guarantee Policies

- | | | |
|----|------------------------------------|----------------------------------|
| 1. | Royal & Sun Alliance Policy Number | GM43941830 |
| 2. | Legal & General Policy Number | MG 92307655-8 (Prime) |
| 3. | Legal & General Policy Number | MG 92307636-8 (Remortgage) |
| 4. | Legal & General Policy Number | MG 92307654-1 (Further Advances) |
| 5. | CGNU | G121723903HHI |

SCHEDULE VII

Information to be included in the Closing Discs

The information contained in the Closing Discs in respect of each Mortgage is as follows:

Completion Date
Outstanding Principal Amount
Arrears balance (if any)
Potential Redraw Amount
LTV
Original term
Income 1
Income 2
Income status
Product type
End Date
Repayment type
Monthly Payment
Charging rate
Region
Postcode
Last valuation
Valuation Date
Tenure

SCHEDULE VIII

Purchase Notice

To: [First Active plc/Britannic Money plc]

From: First Flexible No. 5 PLC

We refer to the mortgage sale agreement dated 11 June 2002 (the "**Mortgage Sale Agreement**"). We request you (at your absolute discretion) to purchase in accordance with clause 10.4 of the Mortgage Sale Agreement the Mortgage(s) details of which are set out below on ● 2002 (the "**Purchase Date**"):

1. Account Number
2. First named Borrower
3. Address of Property
4. Outstanding Principal Amount £ (the "**Purchase Price**")
5. Potential Redraw Amount

signed by
Authorised signatory of First Flexible No. 5 PLC

SCHEDULE IX

The Lending Policy

Type:	Endowment, Interest Only, Pension, Capital Repayment.
Term:	Minimum 5 years. Maximum 40 years in respect of Owner Occupied Loans and 30 years in respect of Investment Home Loans. There is discretion to allow for the Original Term to be amended based upon age and ability to repay.
Charge:	First Legal Charge or Standard Security only.
Original Loan:	Minimum loan of (i) £15,001 in respect of loans originated on or before 30 April 1998; and (ii) £25,001 in respect of loans originated on or after 1 May 1998. There is no maximum loan amount. Where the aggregated lending exceeds £300,000, an Executive Summary is produced highlighting key factors to support the lending decision. Loans over £1,500,000 require the approval of two executive directors of the credit committee and a non-executive representative of First Active or the Board Credit Sub-Committee.
Tenure:	Freehold, heritable or long leasehold - leases to have a minimum of 30 years unexpired at the end of the mortgage term. Leases of less than 30 years may be accepted for lower risk cases, determined by LTV and credit score.
Property:	Located in England, Wales, Scotland or Northern Ireland, readily saleable, residential, of standard construction and (in the case of owner occupied properties) is the Borrower's prime residence and (in the case of investment properties) is capable of being occupied by residential tenants. Properties with not more than 25 per cent commercial usage are permitted.
Applicant:	Resident in England, Wales, Scotland, Northern Ireland or the Republic of Ireland (unless in respect of an Investment Home

Loan, the applicant is an expatriate as mentioned below).

One or more of the applicants must be a residential homeowner or a British or Irish expatriate working overseas. *There is discretion for this requirement to be waived.*

LTV:

Britannic Money or First Active, as applicable, will lend an amount based on the valuation or (in the case of properties being purchased) the purchase price, whichever is the lower ("LTV"), as follows:

(a) For Investment Home Loans

85 per cent on loans of up to £250,000

80 per cent on loans of £250,001-£500,000

75 per cent on loans of £500,001 up to £1,000,000

70 per cent on loans over £1,000,000

There is discretion for amendments to be made to the amount lent based on the valuation, without additional security.

The LTV is restricted to 80 per cent where the property to be secured is a studio flat, a flat over a shop, or an ex local authority property.

(b) For Owner Occupied Loans

95 per cent on loans of up to £250,000

90 per cent on loans of £250,001 to £300,000

85 per cent on loans of £300,001 to £500,000

75 per cent on loans of up to £500,001 or more.

There is discretion for amendments to be made to the amount lent based on the valuation, without additional security. Discretion is permitted to lend more than 95 per cent of the valuation. In these cases, each application is assessed on its own merits.

In the case of purchases, the LTV calculation may be based on the valuation

rather than the purchase price, where the property is being acquired at a discount.

Mortgage indemnity guarantee insurance is required on owner occupied loans with an LTV of greater than 75 per cent unless the applicant has certified their income in accordance with lending guidelines.

Existing endowment policies with proven surrender values may, in exceptional circumstances, be accepted to increase the maximum loan to value ratio thresholds.

Age:

Minimum age is 25 years (for individuals) in respect of Investment Home Loans and 18 years for Owner Occupied Loans.

Income:

(a) Owner Occupied Loans

Single Applicant - up to 3.50 times the applicant's income.

Multiple Applicants - up to 3.50 times primary income plus 1 times secondary income or up to 2.75 times joint income.

Income is defined as:

- (a) For all self employed applicants or applicants who are directors of a company with a 25 per cent or more shareholding 100 per cent of the income as declared on the application form or 100 per cent of the average income over the last two years as advised by an accountant's declaration or 100 per cent of the average income shown in the last two years' tax assessments;
- (b) For employed applicants, 100 per cent gross basic annual salary/wages and any Regional Allowances, shift allowances, mortgage subsidy and "Profit Related Pay" ("PRP") in lieu of salary and 50 per cent regular overtime/commissions, bonuses other than PRP and other income assessed on its merits; and
- (c) for applicants on long term contracts, eleven twelfths of the annualised contract rate.

Depending upon LTV, the multiple may reach a maximum of four times income or in the case of joint applicants, the greater of three times joint income or four times primary income plus one times secondary income.

Self employed applicants are permitted to certify their income in which case independent verification is not carried out. In such cases applicants will only be allowed loans where the maximum LTV's are:

85 per cent for loans up to £200,000;
80 per cent for loans of £200,001 or more.

(b) Investment Home Loans:

Rental income as confirmed by Britannic Money or First Active appointed valuer must cover typically 125 per cent to 130 per cent of the annual interest payment calculated at the initial offered charging rate or the non-discounted or capped rate, whichever is the higher.

Where a borrower has more than one Investment Home Loan, rental income of less than 125 per cent may be permitted subject to the aggregate rental income meeting 125 per cent of the aggregate annual interest payment.

There is discretion for rental income of less than 125 per cent to be accepted if the shortfall is covered by other income.

The applicant's income must be sufficient to cover any existing residential mortgage.

Where a Borrower has more than one Investment Home Loan, the application may be considered on the basis of rental yield only.

Applicants are permitted to certify their income in which case independent verification is not carried out. In such cases the maximum LTV is 80 per cent.

Owner Occupied Loans and single property Investment Home Loans are credit scored. The credit score is based on a generic scorecard supplied by a credit reference

agency. Where credit scoring has been used, a combination of the score and LTV will determine the level of references required. For cases with an LTV of 75 per cent or less, and a credit score deemed to indicate a low risk applicant, a valuation report only is obtained. Notwithstanding this, at the time of application, the applicant will be advised that references shall be sought and will be required to provide income and employer details.

Purpose:

(a) For Owner Occupied Loans:

Purchase or remortgage of owner occupied primary residence.

(b) For Investment Home Loans:

Purchase or remortgage of residential property for short term letting on an Assured Shorthold Tenancy or for investment purposes.

There is discretion for other types of tenancies to be accepted based upon the amount of rent paid and the type of tenant in occupation.

Buildings Insurance:

Insurance required on standard terms with an acceptable insurer and issued for a sum insured of not less than that recommended by the surveyor.

Minimum Property Valuation or Purchase Price:

Owner Occupied Loans: £30,000;
Investment Home Loans: £40,000.

There is discretion for values or purchase prices to be lower based upon the surveyors report and the rental assessment.

References Required:

Credit reference searches are conducted on each applicant at all addresses disclosed or identified over a three year period. Lenders, landlords and/or bank references may also be required. Where subsequent Investment Home Loans are made to existing Borrowers, income and lenders references may not be taken up.

Life Policies:

Applicants are required to ensure that they have adequate life cover in place to repay the advance in the event of their death prior to the end of the Mortgage term. Such life cover is not assigned to the relevant Lender.

Expatriates:

The following restrictions apply to expatriates and only in respect of Investment Home Loans:

Must be employed, not self-employed;
Maximum loan size of £500,000; and
Maximum LTV of 80 per cent.

Discretion:

To ensure flexibility the lending policy allows for applications that may be outside of the normal guidelines to be approved on condition that other mitigating factors of the application are of the highest quality.

All such cases are to be referred to the underwriters for approval.

SCHEDULE X

Documents Incorporated by Reference

1. Any Registered Transfer(s)
2. Any Unregistered Transfer(s)
3. Trust Deed
4. Servicing Agreement
5. Deed of Charge
6. Redraw Facility Agreement
7. Bank Agreement
8. Declaration of Trust
9. Guaranteed Investment Contract
10. Start-Up Loan Agreement

SCHEDULE XI

Form of Scottish Transfer

Land Register

We, [**Britannic Money plc** (Registered Number 2048895)/**Arianty No. 1 plc** (registered number: 3946857)] with our Registered Office at Sir William Atkins House, Ashley Avenue, Epsom, Surrey KT18 5AS (the "**Transferor**") CONSIDERING THAT [we have sold the Standard Securities and others aftermentioned to **Arianty No. 1 plc** (Registered Number 3946857) whose Registered Office is at Sir William Atkins House, Ashley Avenue, Epsom, Surrey KT18 5AS ("**Arianty**") FURTHER CONSIDERING that, without taking legal title thereto, Arianty has] in terms of a Mortgage Sale Agreement between us the Transferor, **First Flexible No. 5 plc**, incorporated under the Companies Acts in England (Registered Number 4236601) and having its Registered Office at Sir William Atkins House, Ashley Avenue, Epsom, Surrey KT18 5AS (the "**Transferee**")], Arianty] and others dated 11 June 2002 (the "**Mortgage Sale Agreement**") [we have] sold [our/its] whole right, title and interest in and to the [said] Standard Securities and others [hereinafter mentioned] to the Transferee NOW THEREFORE we the Transferor [at the request and with the consent and concurrence of Arianty for its respective right, title and interest in and to the said Standard Securities and others as is testified by its execution hereof and] IN CONSIDERATION of the sums payable in terms of and in implement pro tanto of the Mortgage Sale Agreement HEREBY ASSIGN to the Transferee:

1. the Standard Securities granted by the respective parties whose names are specified in Column 3 of the Schedule annexed and executed as relative hereto in favour of [us/ Britannic Money plc (Registered Number 2048895) having its registered office at Sir William Atkins House, Ashley Avenue, Epsom, Surrey KT18 5AS] or First Active plc (registered number 292890) having its registered office at First Active House, Central Park, Leopardstown, Dublin 18, Ireland, for all sums due and to become due, to the extent of the sums specified in the relative entry in Column 6 of the said Schedule being the amounts now due under the said respective Standard Securities, registered said Standard Securities in the Land Register under the Title Number specified in the relative entry in Column 4 of the said Schedule on the date specified in the relative entry in Column 5 of the said Schedule; and
2. the whole rights and interest of us the Transferor in and under all and any personal bonds, credit agreements or agreements for loan (however constituted) secured by the said Standard Securities and granted by or entered into with the said respective parties whose names are specified in Column 3 of the said Schedule[, the date of the respective personal bonds, credit agreements or agreements for loan being specified in the relative entry in Column 7 of the said Schedule];

With interest from and also arrears and accumulations of interest due and unpaid as at []:
And we grant warrandice [to Arianty; and Arianty grants warrandice]: IN WITNESS WHEREOF
these presents typewritten on this [and the preceding] page are together with the Schedule
annexed hereto executed at [] on the [] day of [] as follows:

[SUBSCRIBED for and on behalf of the said
BRITANNIC MONEY plc

by

and]

SUBSCRIBED for and on behalf of the said
Arianty No. 1 plc

by

and

**Schedule referred to in the foregoing Assignment by
[Britannic Money plc with consent of Arianty No. 1 plc/Arianty No. 1 plc]
in favour of First Flexible No. 5 plc**

1	2	3	4	5	6	7
Account No.	Address	Borrowers Full Names	Title Number	Registration Date	Sum Due	Date of Bond or Loan Agreement

SCHEDULE XII

Form of Scottish Transfer

Sasine Register

We, [**Britannic Money plc** (Registered Number 2048895)/**Arianty No. 1 plc** (registered number: 3946857)] with our Registered Office at Sir William Atkins House, Ashley Avenue, Epsom, Surrey KT18 5AS (the "**Transferor**") CONSIDERING THAT [we have sold the Standard Securities and others aftermentioned to Arianty No. 1 plc (Registered Number 3946857) whose Registered Office is at Sir William Atkins House, Ashley Avenue, Epsom, Surrey KT18 5AS ("**Arianty**") FURTHER CONSIDERING that, without taking legal title thereto, Arianty has] in terms of a Mortgage Sale Agreement between us the Transferor, **First Flexible No. 5 plc**, incorporated under the Companies Acts in England (Registered Number 4236601) and having its Registered Office at Sir William Atkins House, Ashley Avenue, Epsom, Surrey KT18 5AS (the "**Transferee**") [Arianty] and others dated 11 June 2002 (the "**Mortgage Sale Agreement**") [we have] sold [our/its] whole right, title and interest in and to the [said] Standard Securities and others [hereinafter mentioned] to the Transferee NOW THEREFORE we the Transferor [at the request and with the consent and concurrence of Arianty for its respective right, title and interest in and to the said Standard Securities and others as is testified by its execution hereof and] IN CONSIDERATION of the sums payable in terms of and in implement pro tanto of the Mortgage Sale Agreement HEREBY ASSIGN to the Transferee:

1. the Standard Securities granted by the respective parties whose names are specified in Column 3 of the Schedule annexed and executed as relative hereto in favour of [us/ Britannic Money plc (Registered Number 2048895) having its registered office at Sir William Atkins House, Ashley Avenue, Epsom, Surrey KT18 5AS] or First Active plc (registered number 292890) having its registered office at First Active House, Central Park, Leopardstown, Dublin 18, Ireland, for all sums due and to become due, to the extent of the sums specified in the relative entry in Column 6 of the said Schedule being the amounts now due under the said respective Standard Securities, recorded said Standard Securities in the Register for the County specified in the relative entry in Column 4 of the said Schedule on the date specified in the relative entry in Column 5 of the said Schedule; and
2. the whole rights and interest of us the Transferor in and under all and any personal bonds, credit agreements or agreements for loan (however constituted) secured by the said Standard Securities and granted by or entered into with the said respective parties whose names are specified in Column 3 of the said Schedule[, the date of the respective personal bonds, credit agreements or agreements for loan being specified in the relative entry in Column 7 of the said Schedule];

With interest from and also arrears and accumulations of interest due and unpaid as at []:
And we grant warrandice [to Arianty; and Arianty grants Warrandice]: IN WITNESS WHEREOF
these presents typewritten on this [and the preceding] page are together with the Schedule
annexed hereto executed at [] on the [] day of [] as follows:

[SUBSCRIBED for and on behalf of the said
BRITANNIC MONEY plc

by

and]

SUBSCRIBED for and on behalf of the said
Arianty No. 1 plc

by

and

REGISTER on behalf of the within named FIRST FLEXIBLE NO. 5 plc in the REGISTERS of the
COUNTIES of []

**Schedule referred to in the foregoing Assignment by
[Britannic Money plc with consent of Arianty No. 1 plc/Arianty No. 1 plc]
in favour of First Flexible No. 5 plc**

1	2	3	4	5	6	7
Account No.	Address	Borrowers Full Names	County	Recording Date	Sum Due	Date of Bond or Loan Agreement

SCHEDULE XIII

Form of Scottish Declaration of Trust

DECLARATION OF TRUST

Britannic Money plc (Registered Number 2048895) and having its Registered Office at Sir William Atkins House, Ashley Avenue, Epsom, Surrey KT18 5AS (the "**Originator**")

with consent of
Arianty No.1 plc (Registered Number 3946857)
whose Registered Office is at
Sir William Atkins House, Ashley Avenue, Epsom, Surrey KT18 5AS ("**Arianty**")
in favour of

First Flexible No. 5 plc, (Registered Number: 4236601) and having its Registered Office at Sir William Atkins House, Ashley Avenue, Epsom, Surrey KT18 5AS (the "**Issuer**")

WHEREAS:

- (A) Legal title to the Scottish Trust Property aftermentioned is held by and vested in the Originator;
- (B) Arianty has, without completing legal title thereto, purchased the said Scottish Trust Property from the Originator;
- (C) By a Mortgage Sale Agreement made among inter alios the Originator, Arianty and the Issuer dated 11 June 2002 (the "**Mortgage Sale Agreement**") Arianty has agreed to sell and the Issuer has agreed to purchase inter alia the said Scottish Trust Property; and
- (D) In implement of clause 5.1(c) of the Mortgage Sale Agreement the Originator has undertaken at the request of Arianty, to grant this deed pending the taking of legal title by the Issuer to the said Scottish Trust Property in accordance with the provisions of the Mortgage Sale Agreement.

NOW THEREFORE the parties **HEREBY AGREE** and **DECLARE** as follows:

1. INTERPRETATION

In this deed (including the recitals hereto):

- 1.1 words and expressions shall (unless the context otherwise requires) have the same meanings respectively ascribed to them in the Master Definitions Schedule entered into among the Originator, Arianty, the Issuer and others dated of even date with the Mortgage Sale Agreement; and
- 1.2 **Scottish Trust Property** shall mean the Scottish Mortgages (including the Mortgage Loans secured thereby) details of which are specified in the Schedule annexed and executed as relative hereto, together with:
 - (a) all principal sums, including (subject to clause 6 hereof) any Further Advances and any Redraws present or future, interest and expenses comprised therein and secured thereby;
 - (b) the whole rights pertaining thereto specified in clause 2.2 of the Mortgage Sale Agreement including without prejudice to the generality thereof all Related Security granted in respect of such Scottish Mortgages;

- (c) all monies, rights, interest, benefits and others pertaining thereto or deriving therefrom;
- (d) all powers and remedies for enforcing the same; and
- (e) all proceeds resulting from the enforcement of any of the Scottish Mortgages and their Related Security.

2. DECLARATION OF TRUST

The Originator hereby DECLARES with the consent and concurrence of Arianty for its respective right, title and interest in and to the Scottish Trust Property as is testified by its execution hereof that from and after the date hereof the Originator holds and, subject to clause 6 hereof, shall henceforth hold the Scottish Trust Property and its whole right title and interest, present and future therein and thereto in trust absolutely for the Issuer and its successors and assignees (whether absolutely or in security) whomsoever.

3. INTIMATION

The Originator hereby intimates to the Issuer the coming into effect of the trust hereby declared and created and the Issuer by its execution hereof immediately subsequent to the execution of this deed by the Originator acknowledges such intimation.

4. WARRANTIES AND UNDERTAKINGS

The Originator and Arianty warrant and undertake that:

- 4.1 as at the date hereof the Originator holds legal title to the Scottish Trust Property unencumbered by any Security Interest;
- 4.2 they shall not create or agree to create any Security Interest over or which may attach to or affect the whole or any part of the Scottish Trust Property at any time when such property or part thereof remains subject to the trust hereby created; and
- 4.3 they shall deal with the Scottish Trust Property (including without prejudice to said generality the setting of any interest rate applicable thereto) in accordance with the provisions of the Mortgage Sale Agreement and the specific written instructions (if any) of the Issuer or its foresaids and shall take, subject to clause 6 hereof, any such action as may be necessary (including for the avoidance of doubt the raising or defending of any proceedings in any court of law whether in Scotland or elsewhere) to secure or protect the title to the Scottish Trust Property but only in accordance with the specific written instructions (if any) of the Issuer or its foresaids.

5. POWERS OF BENEFICIARY

The provisions of the Mortgage Sale Agreement shall be deemed to be incorporated herein in so far as the same pertain to the Scottish Trust Property and during the continuance of the trust hereby declared and created the Issuer as beneficiary hereunder shall have the benefit of all rights and powers thereby conferred, including without limitation the right in the circumstances therein specified to perfect legal title to the Scottish Trust Property or any part thereof and to call upon the Originator and/or Arianty to undertake all acts and things and execute all deeds and documents as may be required to effect the same, and that notwithstanding the winding up of the Originator and/or Arianty or the making of any administration order in respect of the Originator and/or Arianty or the appointment of a receiver to all or any part of the Scottish Trust Property, and for further assuring the said rights and powers the Originator and Arianty have executed and delivered to the Issuer a power of attorney in the form set out in Schedule II to the Mortgage Sale Agreement.

6. TERMINATION OF TRUST

In the event of:

- 6.1 legal title to any part or parts of the Scottish Trust Property being taken by the Issuer in accordance with the provisions of clause 5.5 of the Mortgage Sale Agreement (which in the case of any Standard Security shall be constituted by the registration or recording of the title thereto of the Issuer in the Registers of Scotland), or
- 6.2 any part or parts of the Scottish Trust Property forming the subject of a repurchase by the Originator or Arianty, as appropriate, in accordance with the provisions of clauses 6, 9.1 or 10.4 of the Mortgage Sale Agreement, or
- 6.3 any Further Advance relating to any Scottish Mortgage comprised within the Scottish Trust Property not being purchased by the Issuer from the Originator in accordance with the provisions of clause 10 of the Mortgage Sale Agreement, or
- 6.4 the right to repayment of any Redraw (including any Payment Holiday) relating to any Scottish Mortgage comprised within the Scottish Trust Property not being purchased by the Issuer from the Originator in accordance with the provisions of clause 12 of the Mortgage Sale Agreement,

the trust hereby declared and created shall (but only (i) when any of the events or transactions before stated has been completed irrevocably, validly and in full, and (ii) provided that the said trust shall continue to be of effect in respect of the remaining Scottish Trust Property as aftermentioned) ipso facto fall and cease to be of effect in respect of such part or parts of the Scottish Trust Property (including the relevant Further Advance or Redraw as the case may be) but shall continue in full force and effect in respect of the whole remainder (if any) of the Scottish Trust Property.

7. ASSIGNATION

The Issuer and its foresaids shall be entitled to assign (whether absolutely or in security) its right and interests under this deed and the trust hereby declared and created and the Originator and Arianty hereby undertake, in the event of any such assignation being made by the Issuer, to execute and deliver all deeds and documents necessary for receiving and acknowledging intimation of such assignation.

8. VARIATION

This deed and the trust hereby declared and created shall not be varied in any respect without the consent in writing of the Issuer or its foresaids.

9. GOVERNING LAW

This deed shall be governed by and construed in accordance with the laws of Scotland and each of the parties prorogates the non-exclusive jurisdiction of the Scottish courts so far as not already subject thereto and waives any right or plea of forum non conveniens in respect of such jurisdiction.

10. **REGISTRATION**

The parties hereto consent to the registration of these presents for preservation:

IN WITNESS WHEREOF these presents typewritten on this and the preceding three pages are together with the Schedule annexed hereto executed for and on behalf of the Originator, Arianty and the Issuer as follows:

SUBSCRIBED for and on behalf of the
said BRITANNIC MONEY plc

at

on

by
Attorney

In the presence of this witness:

.....
Witness signature

.....
Witness full name

.....
.....
Witness address

SUBSCRIBED for and on behalf of the
said ARIANTY NO. 1 plc

at

on

by
Attorney

In the presence of this witness:

.....
Witness signature

.....
Witness full name

.....
.....
Witness address

SUBSCRIBED for and on behalf of the
said FIRST FLEXIBLE NO. 5 plc

at

on

by

Attorney

.....

In the presence of this witness:

.....

Witness signature

.....

Witness full name

.....

.....

Witness address

**This is the Schedule referred to in the foregoing Declaration of Trust by
Britannic Money plc with the consent of Arianty No.1 plc
in favour of First Flexible No. 5 plc**

1	2	3	4
Account No	Borrowers	Address of Secured Property	Loan Outstanding

SCHEDULE XIV

Form of Supplemental Scottish Declaration of Trust

SUPPLEMENTAL DECLARATION OF TRUST

by

Britannic Money plc (Registered Number 2048895) and having its Registered Office at Sir William Atkins House, Ashley Avenue, Epsom, Surrey KT18 5AS (the "**Originator**")

with consent of
Arianty No.1 plc (Registered Number 3946857)
whose Registered Office is at
Sir William Atkins House, Ashley Avenue, Epsom, Surrey KT18 5AS ("**Arianty**")
in favour of

First Flexible No. 5 plc, (Registered Number: 4236601) and having its Registered Office at Sir William Atkins House, Ashley Avenue, Epsom, Surrey KT18 5AS (the "**Issuer**")

WHEREAS:

- (A) Legal title to the Additional Scottish Trust Property aftermentioned is held by and vested in the Originator;
- (B) The Originator, Arianty and the Issuer have entered into a declaration of trust dated ● 2002 in terms of which the Originator with consent declared a trust (the "**Scottish Trust**") in favour of the Issuer, over the Scottish Trust Property therein defined;
- (C) Arianty has without completing title thereto, purchased the said Additional Scottish Trust Property from the Originator;
- (D) By a Mortgage Sale Agreement made among inter alios the Originator and the Issuer dated 11 June 2002 (the "**Mortgage Sale Agreement**") Arianty has agreed to sell and the Issuer has agreed to purchase inter alia the said Additional Scottish Trust Property; and
- (E) In implement of clause [9.7(b)] [10.2] [11.3] [12.3] of the Mortgage Sale Agreement the Originator has undertaken at the request of Arianty to grant this deed pending the taking of legal title by the Issuer to the said Additional Scottish Trust Property in accordance with the provisions of the Mortgage Sale Agreement.

NOW THEREFORE the parties **HEREBY AGREE** and **DECLARE** as follows:

1. INTERPRETATION

In this deed (including the recitals hereto):

- 1.1 words and expressions shall (unless the context otherwise requires) have the same meanings respectively ascribed to them in the Master Definitions Schedule entered into among the Originator, Arianty, the Issuer and others dated of even date with the Mortgage Sale Agreement; and

1.2 **Additional Scottish Trust Property** shall mean the Scottish Mortgages (including the Mortgage Loans secured thereby) details of which are specified in the Schedule annexed and executed as relative hereto, together with:

- (a) all principal sums, including (subject to clause 4 hereof) any Further Advances and any Redraws present or future, interest and expenses comprised therein and secured thereby;
- (b) the whole rights pertaining thereto specified in clause 2.2 of the Mortgage Sale Agreement including without prejudice to the generality thereof all Related Security granted in respect of such Scottish Mortgages;
- (c) all monies, rights, interest, benefits and others pertaining thereto or deriving therefrom;
- (d) all powers and remedies for enforcing the same; and
- (e) all proceeds resulting from the enforcement of any of the Scottish Mortgages and their Related Security.

2. **DECLARATION OF TRUST**

The Originator hereby DECLARES with the consent and concurrence of Arianty for its respective right, title and interest in and to the Additional Scottish Trust Property as is testified by its execution hereof that from and after the date hereof the Originator holds and, subject to clause 4 hereof, shall henceforth hold the Additional Scottish Trust Property and its whole right title and interest, present and future therein and thereto in trust absolutely for the Issuer and its successors and assignees (whether absolutely or in security) whomsoever.

3. **INTIMATION**

The Originator hereby intimates to the Issuer the coming into effect of the trust hereby declared and created and the Issuer by its execution hereof immediately subsequent to the execution of this deed by the Originator acknowledges such intimation.

4. **SCOTTISH TRUST**

The whole terms and conditions of the Scottish Trust shall mutatis mutandis apply to these presents and to the Additional Scottish Trust Property as to the Scottish Trust and the Scottish Trust Property therein defined, including without prejudice to said generality clauses 5, 6 and 7 thereof and the warranties and undertakings granted in clause 4 thereof.

5. **VARIATION**

This deed and the trust hereby declared and created shall not be varied in any respect without the consent in writing of the Issuer and its foresaids.

6. **GOVERNING LAW**

This deed shall be governed by and construed in accordance with the laws of Scotland and each of the parties prorogates the non-exclusive jurisdiction of the Scottish courts so far as not already subject thereto and waives any right or plea of forum non conveniens in respect of such jurisdiction.

7. **REGISTRATION**

The parties hereto consent to the registration of these presents for preservation:

IN WITNESS WHEREOF these presents type written on this and the preceding two pages are together with the Schedule annexed hereto executed for and on behalf of the Originator, Arianty and the Issuer as follows:

SUBSCRIBED for and on behalf of the
said BRITANNIC MONEY plc

at

on

by
Attorney

In the presence of this witness:

.....
Witness signature

.....
Witness full name

.....
Witness address

SUBSCRIBED for and on behalf of the
said ARIANTY NO. 1 plc

at

on

by
Attorney

In the presence of this witness:

.....
Witness signature

.....
Witness full name

.....
Witness address

SUBSCRIBED for and on behalf of the
said FIRST FLEXIBLE NO. 5 plc

at

on

by
Attorney

.....

In the presence of this witness:

.....
Witness signature

.....
Witness full name

.....
.....
Witness address

**This is the Schedule referred to in the foregoing Supplemental Declaration of Trust by
Britannic Money plc with consent of Arianty No. 1 plc
in favour of First Flexible No. 5 plc**

1	2	3	4
Account No	Borrowers	Address of Secured Property	Loan Outstanding

SCHEDULE XV

Registered Transfer - Northern Ireland

**Form of Transfer Registered Land
Land Registry
Land Registration Act (NI) 1970
Transfer of Charges**

Folio Number: As listed in Column 1 of the Schedule

Properties: As listed in Column 2 of the Schedule

Date:

[**First Active plc** (registered number: 292890)/**Britannic Money plc** (registered number 2048895)/**Arianty No. 1 plc** (registered number: 3946857)] whose registered office is at [First Active House, Central Park, Leopardstown, Dublin 18, Ireland/Sir William Atkins House, Ashley Avenue, Epsom, Surrey KT18 5AS] (the "**Transferor**") CONSIDERING THAT it has sold the charge or charges ("**Mortgage(s)**") particulars of which are contained in the Schedule hereto and others aftermentioned to **Arianty No. 1 plc** (registered number: 3946857) whose registered office is at Sir Williams Atkins House, Ashley Avenue, Epsom, Surrey KT18 5AS ("**Arianty**") and FURTHER CONSIDERING THAT, without taking legal title thereto, Arianty has pursuant to a Mortgage Sale Agreement between the Transferor, **First Flexible No. 5 PLC** (registered number: 4236601) whose registered office is at Sir William Atkins House, Ashley Avenue, Epsom, Surrey KT18 5AS (the "**Transferee**"), Arianty and others dated 11 June 2002 (the "**Mortgage Sale Agreement**") sold its whole right, title and interest in and to the said Mortgage(s) and others to the Transferee NOW THEREFORE the Transferor at the request and with the consent and concurrence of Arianty for its respective right, title and interest in and to the said Mortgage(s) and others IN CONSIDERATION of the sums payable pursuant to the Mortgage Sale Agreement] hereby as beneficial owner transfers, conveys, assigns to [**First Flexible No. 5 PLC** (registered number: 4236601) whose registered office is at Sir William Atkins House, Ashley Avenue, Epsom, Surrey KT18 5AS (the "**Transferee**")/the Transferee] the [charge or charges ("**Mortgage(s)**") particulars of which are contained in the Schedule hereto/Mortgage(s)] including without limitation all right, title, interest and benefits of the Transferor therein including for the avoidance of doubt the right to receive all payment of principal and interest and all other sums to become due in respect thereof and the right to sue on all covenants made or expressly made in favour of the Transferor in the Mortgages, including covenants and obligations on the part of sureties (if any) and the right to exercise all powers of the Transferor in relation to the Mortgages;

and together with:

1. all other right, title, interest and benefit of the Transferor (both present and future) in relation to the Mortgages, the Mortgage Loans and any Related Security including without limitation any right of action against any solicitor, licensed conveyancer, valuer or other person in connection with a Mortgage or affecting the Transferor's decision to make the relevant Mortgage Loan;
2. all the estate, title and interest in the Properties vested in the Transferor subject to redemption;
3. all right, title, interest and benefit of the Transferor (both present and future) in or under any causes and rights of action and other rights of the Transferor against any person who has guaranteed the payment of or otherwise indemnified the Transferor against the consequences of any default by a Borrower in payment of, or otherwise taking

responsibility for, any indebtedness of a Borrower assigned to the Transferee hereunder;
and

4. all right, title interest and benefit as the Transferor has in and to the Insurance Contracts insofar as they relate to the Mortgages, the relevant Loan or the Property.

In this transfer:

"Borrower" means, in relation to a Mortgage, the same person or persons as is named and defined as such in the mortgage deed relating thereto and any person undertaking the obligations of the Borrower (other than as surety);

"Insurance Policies" means any buildings insurance policy or policies brief particulars of which are set out in the Schedule hereto;

"Loans" means the aggregate of all advances made by the Transferor to the Borrowers and from time to time outstanding (including all capital sums) which are secured by the Mortgages and **"Loan"** means any one of them;

"Property" means, in relation to each Mortgage, the freehold or leasehold residential property in Northern Ireland on which the relevant Loan is secured;

"Related Security" means, in relation to any Mortgage, any rights against any guarantor relating thereto and where relevant any deeds of postponement, consents and charges by occupiers of Properties and any other security taken to secure the same obligations on the part of the relevant Borrower secured by the Mortgage.

IN WITNESS whereof this document has been executed by the Transferor as a Deed the day and year first before written.

Schedule referred to above

1 Title No.	2 Property	3 Date of Advance	4 Registration Date of Charge	5 Borrower	6 Insurance Policies
----------------	---------------	-------------------------	-------------------------------------	---------------	----------------------------

EXECUTED as a deed by)
)
for and on behalf of)
[First Active plc/Britannic Money plc/)
Arianty No. 1 plc])
under power of attorney dated)
)
In the presence of:)

SCHEDULE XVI

Unregistered Transfer - Northern Ireland

Form of Transfer (Unregistered Land)

THIS TRANSFER OF MORTGAGES is made • 2002

BETWEEN:

[**First Active plc** (registered number: 292890)/**Britannic Money plc** (registered number 2048895)/**Arianty No. 1 plc** (registered number: 3946857)] whose registered office is at [First Active House, Central Park, Leopardstown, Dublin 18, Ireland/ whose registered office is at Sir William Atkins House, Ashley Avenue, Epsom, Surrey KT18 5AS (the "**Transferor**") and **First Flexible No. 5 PLC** (registered number: 4236601) whose registered office is at Sir William Atkins House, Ashley Avenue, Epsom, Surrey KT18 5AS (the "**Transferee**") of the other part [and **Arianty No. 1 plc** (registered number: 3946857) whose registered office is at Sir Williams Atkins House, Ashley Avenue, Epsom, Surrey KT18 5AS ("**Arianty**")]

WHEREAS:

(A) By the mortgages ("**Mortgages**") brief particulars of which are contained in the Schedule hereto the properties ("**Properties**") brief particulars of which are contained in the Schedule hereto became security for the repayment of the moneys advanced pursuant to the Mortgages.

(B) Pursuant to a Mortgage Sale Agreement dated 11 June 2002 (the "**Agreement**") the Transferor has agreed with the Transferee to transfer the Mortgages to the Transferee on and subject to the terms and conditions hereinafter mentioned.

NOW THIS DEED WITNESSETH as follows:

In pursuance of the Agreement [and CONSIDERING THAT] the Transferor [has sold the Mortgage(s) and others aftermentioned to Arianty and FURTHER CONSIDERING THAT, without taking legal title thereto, Arianty has, pursuant to the Agreement, sold its whole right, title and interest in and to the said Mortgage(s) and others to the Transferee NOW THEREFORE the Transferor at the request and with the consent and concurrence of Arianty for its respective right, title and interest in and to the said Mortgage(s) and others IN CONSIDERATION of the sums payable pursuant to the Agreement] hereby as beneficial owner conveys and assigns to the Transferee the Mortgages including all right, title, interest and benefit of the Transferor therein including for the avoidance of doubt the right to receive all payments of principal and interest and all other sums due or to become due in respect thereof and the right to sue on all covenants made or expressly made in favour of the Transferor in each Mortgage, including covenants and obligations on the part of the sureties (if any) and the right to exercise all power of the Transferor in relation to each Mortgage;

and together with:

1. all other right, title, interest and benefit of the Transferor (both present and future) in relation to the Mortgages, the Loans and the Related Security including without limitation any right of action against any solicitor, licensed conveyancer, valuer or other person in connection with a Mortgage or affecting the Transferor's decision to make the relevant Loan;
2. all the estate, title and interest in the Properties vested in the Transferor subject to redemption;

3. all right, title, interest and benefit of the Transferor (both present and future) in or under any causes and rights of action and other rights of the Transferor against any person who has guaranteed the payment of or otherwise indemnified the Transferor against the consequences of any default by a Borrower in payment of, or otherwise taking responsibility for, any indebtedness of a Borrower assigned to the Transferee hereunder; and
4. all right, title, interest and benefit of the Transferor has in and to the Insurance Contracts insofar as they relate to the Mortgages, the relevant Loan and the Property.

TO HOLD in the case of a freehold Mortgage unto the Transferee in fee simple absolutely and in the case of a Mortgage by demise unto the Transferee for the residue of the term of years created by the Mortgage and in relation to the Insurance Policies absolutely.

Terms defined in the Agreement (other than the term "**Mortgages**") shall bear the same meaning in this transfer.

IN WITNESS whereof this document has been executed by the Transferor as a Deed the day and year first before written.

Schedule referred to above

1 Property	2 Borrower	3 Date of Mortgage	4 Insurance Policies
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EXECUTED as a deed by)
)
for and on behalf of)
[First Active plc/Britannic Money plc/)
Arianty No. 1 plc])
under power of attorney dated)
)
In the presence of:)