

**SCHEDULE TO THE MASTER AGREEMENT**

in relation to the

Class A Notes, Class B Notes, Class C Notes and Class E Notes

dated as of

15 March 2015

between

- (1) **LLOYDS BANK PLC ("Party A");**
- (2) **PARAGON MORTGAGES (NO. 22) PLC ("Party B");** and
- (3) **CITICORP TRUSTEE COMPANY LIMITED** (the "**Trustee**", which expression shall include its successors and assigns and which has agreed to become a party to this Agreement solely for the purpose of taking the benefit of Part 5(b) and Part 5(l) of the Schedule to this Agreement).

**Part 1. Termination Provisions**

- (a) "Specified Entity" means

in relation to Party A for the purpose of:

Section 5(a)(v), none

Section 5(a)(vi), none

Section 5(a)(vii), none

Section 5(b)(iv), none

and in relation to Party B for the purpose of:

Section 5(a)(v), none

Section 5(a)(vi), none

Section 5(a)(vii), none

Section 5(b)(iv), none.

- (b) "**Specified Transaction**" will have the meaning specified in Section 14.
- (c) The "**Cross Default**" provisions of Section 5(a)(vi) will not apply to Party B and will not apply to Party A.
- (d) The "**Credit Event Upon Merger**" provisions of Section 5(b)(iv) will not apply to Party A and will not apply to Party B.

- (e) The "*Automatic Early Termination*" provision of Section 6(a) will not apply to Party A and will not apply to Party B.
- (f) *Payments on Early Termination*. For the purposes of Section 6(e) of this Agreement:
  - (i) Market Quotation will apply.
  - (ii) The Second Method will apply.
- (g) "*Termination Currency*" means Sterling.

## Part 2. Tax Representations

- (a) ***Payer Representations.*** For the purpose of Section 3(e) of this Agreement, Party A and Party B will each make the following representation:

It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 2(e), 6(d)(ii) or 6(e) of this Agreement and deliveries, transfers and payments to be made pursuant to the Credit Support Annex) to be made by it to the other party under this Agreement. In making this representation, it may rely on:

- (i) the accuracy of any representations made by the other party pursuant to Section 3(f) of this Agreement,
- (ii) the satisfaction of the agreement contained in Section 4(a)(i) or 4(a)(iii) of this Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of this Agreement; and
- (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of this Agreement,

provided that it shall not be a breach of this representation where reliance is placed on clause (ii) and the other party does not deliver a form or document under Section 4(a)(iii) by reason of material prejudice to its legal or commercial position.

- (b) ***Payee Representations.*** For the purpose of Section 3(f) of this Agreement, Party A and Party B will each make the following representation:

None.

### Part 3. Agreement to Deliver Documents

For the purpose of Sections 4(a)(i) and (ii) of this Agreement, each party agrees to deliver the following documents, as applicable:

(a) Tax forms, documents or certificates to be delivered are:

N/A

(b) Other documents to be delivered are:

<i>Party required to deliver document</i>	<i>Form/Document/Certificate</i>	<i>Date by which to be delivered</i>	<i>Covered by Section 3(d) Representation</i>
Party A and Party B	Evidence satisfactory to the other party as to the authority of its signatories to this Agreement and to each Confirmation including specimen signatures of such signatories.	On signing of this Agreement and relevant Confirmation as applicable.	Yes
Party B	Certified copy of board resolution evidencing Party B's capacity to enter into this Agreement and all Transactions hereunder.	On signing of this Agreement.	Yes
Party B	Certified copy of Memorandum and Articles of Association.	On signing of this Agreement.	Yes
Party B	Details of the Hedge Collateral Accounts opened in order to receive collateral that may be posted by Party A under the Credit Support Annex to this Agreement.	In the case of the Hedge Collateral Cash Account, within 30 days of the signing of this Agreement and, in the case of the Hedge Collateral Securities Account, within 90 days of both: (i) the occurrence of an Initial Fitch Rating Event, a Subsequent Fitch Rating Event or if the Collateral Trigger Requirements apply; and (ii) a request of Party A made in writing.	Yes
Party B	Legal opinions in form and substance satisfactory to Party A as to Party B's capacity and	On signing of this Agreement.	No

authority to enter into this Agreement and the ability of Party B to make payments as of the date of this Agreement without the deduction of withholding tax.

Party B	Signed copy of the Delegated Reporting Agreement with Party A.	On signing of this Agreement.	No
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#### **Part 4. Miscellaneous**

- (a) *Addresses for Notices.* For the purpose of Section 12(a) of this Agreement:

Any notice relating to a particular Transaction shall be delivered to the address or email address or facsimile or telex number specified in the Confirmation of such Transaction. Any notice delivered for purposes of Section 5 and 6 of this Agreement shall be delivered to the following address:

Address for notices or communications to Party A (other than by facsimile):

Address: Lloyds Bank plc  
25 Monument Street  
London EC3R 8BQ

Attention: Corporate Markets

Telephone No: +44 (0) 20 7158 3298/9

Facsimile No: +44 (0) 20 7283 1000

With a copy to:

Address: Lloyds Bank plc  
10 Gresham Street  
London EC2V 7AE

Attention: Director, Asset Backed Solutions

Facsimile No: +44 (0) 20 7574 8321

Address for notices or communications to Party B:

Address: Paragon Mortgages (No. 22) plc  
51 Homer Road  
Solihull  
West Midlands B91 3QJ

Attention: Swaps Administration, Finance Department

Facsimile No: +44 (0) 121 712 2699

Email Address: [Company\\_Secretary@Paragon-group.co.uk](mailto:Company_Secretary@Paragon-group.co.uk)

With a copy to the Trustee:

Address: Citicorp Trustee Company Limited  
Citigroup Centre  
Canada Square  
Canary Wharf

London E14 5LB

Attention: Agency & Trust

Facsimile No: +44 (0) 20 7500 5877

- (b) **Process Agent.** For the purpose of Section 13(c) of this Agreement:

Party A appoints as its Process Agent: Not applicable.

Party B appoints as its Process Agent: Not applicable.

- (c) **Offices.** The provisions of Section 10(a) will apply to this Agreement.

- (d) **Multibranch Party.** For the purpose of Section 10(c) of this Agreement:

Party A is not a Multibranch Party.

Party B is not a Multibranch Party.

- (e) **Calculation Agent.** The Calculation Agent is Party A, provided that if and for as long as Party A is a Defaulting Party, Party B may, by giving written notice to Party A, appoint a leading dealer in the relevant market to act as Calculation Agent.

- (f) **Credit Support Document**

Details of any Credit Support Document:

In respect of Party A: Any Third Party Credit Support Document.

In respect of Party B: None.

**"Third Party Credit Support Document"** means any Eligible Guarantee and/or any other agreement or instrument (including any guarantee or equivalent) entered into pursuant to Part 5(g) (*Ratings Event*), the terms of which provide for the guarantee of Party A's obligations under this Agreement by a third party.

- (g) **Credit Support Provider**

Credit Support Provider means in relation to Party A, any party who is a credit support provider under any Third Party Credit Support Document.

Credit Support Provider means in relation to Party B, none.

- (h) **Governing Law.** This Agreement and any non-contractual obligations arising out of, or in connection with it, are governed by, and shall be construed in accordance with, English law.

- (i) **"Affiliate"** will have the meaning specified in Section 14 of this Agreement.

- (j) **Netting of Payments.** Subparagraph (ii) of Section 2(c) of this Agreement will apply to Transactions entered into under this Agreement.

## **Part 5. Other Provisions**

### **(a) *No Set-Off***

- (i) All payments under this Agreement shall be made without set-off or counterclaim, except as expressly provided for in Section 2(c), Section 6 or this Schedule.
- (ii) The last sentence of the first paragraph in Section 6(e) shall be deleted.

### **(b) *Security Interest***

Notwithstanding Section 7, Party A hereby agrees and consents to the assignment by way of security by Party B of its interests under this Agreement (without prejudice to, and after giving effect to, any contractual netting provision contained in this Agreement) to the Trustee (or any successor thereto) pursuant to and in accordance with the Deed of Charge (as defined in Part 5(o) (*Additional Definitions*) hereof) and acknowledges notice of such assignment. Each of the parties hereby confirms and agrees that the Trustee shall not be liable for any of the obligations of Party B hereunder.

### **(c) *Disapplication of certain Events of Default***

Section 5(a)(ii), Section 5(a)(iii), Section 5(a)(iv), Section 5(a)(v), Section 5(a)(vii)(2), (3) (to the extent it refers to any assignment, arrangement or composition that is effected by or pursuant to the Relevant Documents), (4) (to the extent that it relates to any actions taken by Party A or its Affiliates), (6) (to the extent that it relates to any appointment effected by or pursuant to the Relevant Documents or any appointment that Party B has not become subject to), (7) and (9) and Section 5(a)(viii) will not apply in respect of Party B.

Section 5(a)(vii)(8) will apply to Party B only to the extent that it applies to Section 5(a)(vii)(1), (3), (4), (5) and (6) as amended above.

### **(d) *Disapplication of Certain Termination Events***

The Tax Event provisions of Section 5(b)(ii) will apply to Party A and will not apply to Party B, provided that (i) each reference in that Section to "Indemnifiable Tax" shall be construed as a reference to "Tax" and (ii) the words "(x) any action taken by a taxing authority, or brought in a court of competent jurisdiction, on or after the date on which a Transaction is entered into (regardless of whether such action is taken or brought with respect to a party to this Agreement) or (y)" shall be deleted.

The Tax Event Upon Merger provisions of Section 5(b)(iii) shall apply to Party A and shall not apply to Party B, provided that Party A shall not be entitled to designate an Early Termination Date or effect a transfer pursuant to Section 6(b)(ii) by reason of a Tax Event Upon Merger in respect of which it is the Affected Party.

### **(e) *Additional Event of Default***

The following shall constitute an additional Event of Default with respect to Party B (and Party B shall be the Defaulting Party):



- (i) an Event of Default in respect of the Notes has occurred (as defined in Condition 9 (*Events of Default*) of the Notes).

(f) ***Additional Termination Events***

In addition to the Additional Termination Events specified in Part 5(g) (*Ratings Event*), the following shall constitute Additional Termination Events:

- (i) irrevocable notice is given that all classes of Notes will be redeemed in accordance with Condition 5 of the Notes; or
- (ii) the Revenue Priority of Payments, Principal Priority of Payments or the Enforcement Priority of Payments is amended without Party A's prior written consent; or
- (iii) any of the Relevant Documents are amended without Party A's prior written consent and Party A determines that it expects such amendment to have the effect that, following such amendment, Party A could reasonably expect to pay more or receive less by way of termination payment if it were to replace itself in any or all of the Transactions under this Agreement than it would otherwise have expected to pay or receive in such circumstances immediately prior to such amendment (as a direct result of such amendment), with such determination being made by Party A using its own internal pricing models or, if requested by Party B, by seeking a price capable of being accepted from a reputable dealer in the relevant market, save that, if no such firm price can be obtained by Party A within 14 Local Business Days of the request from Party B, Party A shall be entitled to exercise this Additional Termination Event on the basis of its determination made using its internal pricing models, *provided, however, that*, in all cases, Party A provides Party B with a reasoned explanation as to the basis on which Party A's determination has been made and, for the avoidance of doubt, such explanation shall not require Party A to disclose any proprietary or confidential information to Party B; or
- (iv) any of the Relevant Documents become wholly void or unenforceable and such unenforceability is materially prejudicial to Party A; or
- (v) the Additional Termination Event specified in Part 5(z) (*Amendment Regarding EMIR*) below.

For the purpose of the Additional Termination Event set out in sub-paragraph (i) above:

(1) for the purpose of Section 6(b)(iv), (A) both parties will be Affected Parties and all Transactions shall be Affected Transactions and (B) the Early Termination Date designated in any notice delivered pursuant to Section 6(b)(iv) shall be the fifth Local Business Day prior to the intended date of redemption of the Notes;

(2) for the purpose of Section 6(e), the Affected Party will be Party B only and all Transactions shall be Affected Transactions; and

(3) notwithstanding Section 6(d)(ii), the amount determined pursuant to Section 6(e) will be due and payable on the date of redemption of the Notes.

For the purposes of the Additional Termination Events set out in subparagraphs (ii) to (v) above, Party B shall be the sole Affected Party and all Transactions shall be Affected Transactions.

(g) **Ratings Event**

(i) **Initial Fitch Rating Event**

In the event that either (x) neither Party A (or its successor or assignee) nor any Credit Support Provider from time to time in respect of Party A has a long-term issuer default rating ("**IDR**") at least as high as "A" (or its equivalent) from Fitch Ratings Ltd ("**Fitch**") or (y) neither Party A (or its successor or assignee) nor any Credit Support Provider from time to time in respect of Party A has a short-term IDR at least as high as "F1" (or its equivalent) from Fitch (each of (x) and (y) an "**Initial Fitch Rating Event**") then Party A will, on a reasonable efforts basis and at its own cost and expense, either:

- (A) within 14 days of the occurrence of such Initial Fitch Rating Event, post collateral to the extent required to do so in the form of cash or securities or both in support of its obligations under this Agreement in accordance with the terms of the Credit Support Annex; or
- (B) within 30 days of the occurrence of such Initial Fitch Rating Event:
  - (1) subject to Part 5(q) (*Transfers*) below, transfer all of its rights and obligations with respect to this Agreement to a replacement third party whose short-term IDR and long-term IDR is then rated not less than "F1" (or its equivalent) and "A" (or its equivalent), respectively, by Fitch, or whose obligations with respect to this Agreement are guaranteed by an entity whose short-term IDR and long-term IDR is then rated not less than "F1" (or its equivalent) and "A" (or its equivalent), respectively, by Fitch; or
  - (2) procure another person to become co-obligor or guarantor of obligations with respect to this Agreement whose short-term IDR and long-term IDR is then rated not less than "F1" (or its equivalent) and "A" (or its equivalent), respectively, by Fitch; or
  - (3) take such other action (which may, for the avoidance of doubt, include taking no action) as will result in the rating of the Relevant Notes by Fitch following the taking of such action (or inaction) being maintained at, or restored to, the level at which it was immediately prior to such Initial Fitch Rating Event.

(ii) **Subsequent Fitch Rating Event**

In the event that either (x) neither Party A (or its successor or assignee) nor any Credit Support Provider from time to time in respect of Party A has a long-term IDR at least as high as "BBB-" (or its equivalent) by Fitch or (y) neither Party A (or its successor or assignee) nor any Credit Support Provider from time to time in respect of Party A has a short-term IDR at least as high as "F3" (or its equivalent) by Fitch (each of (x) and (y) a "**Subsequent Fitch Rating Event**") then Party A will:

- (A) at its own cost and expense, use its reasonable endeavours to take any of the actions set out in subparagraphs (i)(B)(1), (i)(B)(2) or (i)(B)(3) of this Part 5(g) (*Ratings Event*) within 30 calendar days of the occurrence of such Subsequent Fitch Rating Event; and
- (B) pending taking any of the actions set out in subparagraphs (i)(B)(1), (i)(B)(2) or (i)(B)(3) of this Part 5(g) (*Ratings Event*), Party A will, at its own cost and expense, within ten days of the occurrence of the Subsequent Fitch Rating Event post collateral to the extent required to do so in the form of cash or securities or both in support of its obligations under this Agreement in accordance with the terms of the Credit Support Annex.

(iii) **Changes to Fitch Rating of Class A Notes**

If and for so long as the Class A Notes are downgraded by Fitch and as a result are rated below AAA by Fitch for reasons other than Party A's failure to perform its obligations under this Agreement or failure to comply with the requirements of the Fitch Criteria (as defined in the Credit Support Annex) with respect to swap counterparties, references to the relevant Fitch IDRs in Part 5(g)(i) and Part 5(g)(ii), shall be deemed instead to refer to the corresponding Fitch IDRs as set out in the table below to support a maximum potential rating equal to the then current rating of the Class A Notes.

<b>Current rating of Class A Notes</b>	<b>Without collateral</b>	<b>With collateral</b>
AAAsf	A and F1	BBB- and F3
AAsf	A- and F2	BBB- and F3
Asf	BBB+ and F2	BB+
BBBsf	BBB- and F3	BB-
BBsf	Class A Note rating	B
Bsf	Class A Note rating	Class A Note rating

(iv) **Moody's Rating Event**

- (A) So long as the Transfer Trigger Requirements apply, Party A will, at its own cost, use commercially reasonable efforts to, as soon as reasonably practicable, either (1) procure an Eligible Guarantee in

respect of all of its present and future obligations under this Agreement from a guarantor with a Qualifying Transfer Trigger Rating or (2) transfer its rights and obligations under this Agreement to a Moody's Eligible Replacement.

(B) For the purposes of this Agreement:

**"Business Day"** shall have the meaning set out in the Confirmation in respect of the Transaction under this Agreement.

**"Eligible Guarantee"** means an unconditional and irrevocable guarantee that is provided by a guarantor as principal debtor rather than surety and is directly enforceable by Party B, where (I) such guarantee provides that if a guaranteed obligation cannot be performed without an action being taken by Party A, the guarantor shall use commercially reasonable efforts to procure that Party A takes such action, including the payment of any necessary, properly incurred and reasonable costs in relation to such action, (II)(A) a law firm has given a legal opinion, subject to usual qualifications and assumptions, confirming that none of the guarantor's payments to Party B under such guarantee will be subject to withholding or deduction for or on account of tax, (B) such guarantee provides that, in the event that any of such guarantor's payments to Party B are subject to withholding or deduction for or on account of tax, such guarantor is required to pay such additional amount as is necessary to ensure that the net amount actually received by Party B (free and clear of any withholding or deduction for or on account of tax) will equal the full amount Party B would have received had no such withholding or deduction been required or (C) in the event that any payment (the **"Primary Payment"**) under such guarantee is made net of deduction or withholding for or on account of tax, Party A is required under this Agreement to make such additional payment (the **"Additional Payment"**) as is necessary to ensure that the net amount actually received by Party B from the guarantor (free and clear of any tax) in respect of the Primary Payment and Additional Payment will equal the full amount Party B would have received had no such deduction or withholding been required (assuming that the guarantor will be required to make a payment under such guarantee in respect of the Additional Payment) and (III) the guarantor waives any right of set-off in respect of payments under such guarantee.

The **"Collateral Trigger Requirements"** shall apply so long as no Relevant Entity has a Qualifying Collateral Trigger Rating and Party A has not obtained, if relevant, a rating agency confirmation from Moody's on each occasion as may be relevant in respect thereof or the terms of any such rating agency confirmation from Moody's are subsequently breached.

**"Firm Offer"** means an offer which, when made, was capable of becoming legally binding upon acceptance.

An entity has a "**Qualifying Collateral Trigger Rating**" if its long-term, unsecured and unsubordinated debt or counterparty obligations are rated A3 or above by Moody's.

An entity has a "**Qualifying Transfer Trigger Rating**" if its long-term, unsecured and unsubordinated debt or counterparty obligations are rated Baa1 or above by Moody's.

"**Moody's Eligible Replacement**" means an entity that can lawfully perform the obligations owing to Party B under this Agreement or its replacement (as applicable) and (A) has a Qualifying Transfer Trigger Rating or (B) whose present and future obligations owing to Party B under this Agreement or its replacement (as applicable) are guaranteed pursuant to an Eligible Guarantee provided by a guarantor with a Qualifying Transfer Trigger Rating.

"**Relevant Entities**" means Party A and any guarantor under an Eligible Guarantee in respect of all of Party A's present and future obligations under this Agreement and "**Relevant Entity**" means any one of them.

The "**Transfer Trigger Requirements**" apply so long as no Relevant Entity has a Qualifying Transfer Trigger Rating and Party A has not obtained, if relevant, a rating agency confirmation from Moody's on each occasion as may be relevant in respect thereof or the terms of any such rating agency confirmation from Moody's are subsequently breached.

(v) **Rating Event Implications**

Each of the following provisions (A) to (D) (inclusive) is without prejudice to the consequences of Party A (a) breaching any provision of this Agreement other than the subparagraph of Part 5(g) (*Ratings Event*) to which each such provision refers or (b) failing to post collateral under the Credit Support Annex in accordance with the requirements of any rating agency other than the rating agency to which each such provision refers.

- (A) **Moody's Implications.** An Additional Termination Event shall occur with Party A as Affected Party if (A) the Transfer Trigger Requirements apply and 30 or more Local Business Days have elapsed since the last time the Transfer Trigger Requirements did not apply and (B) at least one Moody's Eligible Replacement has made a Firm Offer that would, assuming the occurrence of an Early Termination Date, qualify as a Market Quotation (on the basis that paragraphs (i) and (ii) in Part 5(p) below (*Close-Out Calculations*) apply) and which remains capable of becoming legally binding upon acceptance.
- (B) **Fitch Implications.** If an Initial Fitch Rating Event occurs and is continuing and Party A does not take at least one of the measures described in Part 5(g)(i) above (and regardless of whether reasonable efforts have been used to implement any of those measures), such

failure shall not be or give rise to an Event of Default but shall constitute an Additional Termination Event which shall be deemed to have occurred on the next Local Business Day after the thirtieth calendar day following the Initial Fitch Rating Event, with Party A as the sole Affected Party and all Transactions as Affected Transactions.

- (C) If an Initial Fitch Rating Event occurs and is continuing and no Relevant Entity has the Fitch Formula 1 Ratings (as defined in the Credit Support Annex) and Party A does not post sufficient collateral to satisfy the Fitch Credit Support Amount calculated pursuant to Paragraph 11(h)(v)(3) of the Credit Support Annex or take any of the other measures described in Part 5(g)(i) above (and regardless of whether reasonable efforts have been used to implement any of those measures), such failure shall not be or give rise to an Event of Default but shall constitute an Additional Termination Event which shall be deemed to have occurred on the next Local Business Day after the thirtieth calendar day following a Relevant Entity ceasing to have the Fitch Formula 1 Ratings, with Party A as the sole Affected Party and all Transactions as Affected Transactions.
- (D) If, at the time a Subsequent Fitch Rating Event occurs and is continuing, Party A has provided collateral under the Credit Support Annex pursuant to subparagraph (i)(A) of Part 5(g) above and fails to continue to post collateral pending compliance with subparagraph (ii)(A) of Part 5(g) above, such failure will not be or give rise to an Event of Default but will constitute an Additional Termination Event with respect to Party A and will be deemed to have occurred on the later of the next Local Business Day after the tenth calendar day following such Subsequent Fitch Rating Event and the next Local Business Day after the thirtieth calendar day following any prior Initial Fitch Rating Event with Party A as the sole Affected Party and all Transactions as Affected Transactions. Further, if a Subsequent Fitch Rating Event occurs and is continuing, it shall constitute an Additional Termination Event, even if Party A continues to post collateral as required by subparagraph (ii)(B) of Part 5(g) above, and notwithstanding Section 5(a)(ii), if Party A does not take the measures described in subparagraph (ii)(A) of Part 5(g) above (and regardless of whether reasonable endeavours have been used to implement any of those measures). Such Additional Termination Event will be deemed to have occurred on the next Local Business Day after the thirtieth calendar day following the Subsequent Fitch Rating Event with Party A as the sole Affected Party and all Transactions as Affected Transactions.

(vi) **Rating Agency Announcements**

If either of Moody's or Fitch makes any public announcement after 5.00 p.m. London time or on any day that is not a Local Business Day in London in respect of any of the long term or short term ratings of Party A or any Credit Support Provider or guarantor in respect of Party A, such announcement shall

for the purposes of this Agreement be deemed to have been made on the next following Local Business Day in London.

(h) ***Modifications to Representations***

- (i) The first paragraph of Section 3 shall be amended by inserting the words "and on each date on which a payment or delivery is required to be made pursuant to Section 2(a)(i)" after the words "on each date on which a Transaction is entered into".
- (ii) Section 3 shall be amended by the addition at the end thereof of the following additional representations:
  - (A) ***No Agency***. It is entering into this Agreement and each Transaction as principal and not as agent or nominee of any person.
  - (B) ***Pari Passu***. Its obligations under this Agreement rank at least pari passu with all of its other unsecured, unsubordinated obligations except those obligations preferred by operation of law.
  - (C) Section 3(a)(v) shall be amended by the addition of the words "with the exception of the payment of Stamp Tax as provided for in Section 11" after the words "this Agreement".

(i) ***Recording of Conversations***

Each party to this Agreement, other than the Trustee, (i) consents to the recording of the telephone conversations between the trading and marketing personnel of the parties in connection with this Agreement or any potential Transaction, (ii) agrees to obtain any necessary consent of, and give notice of such recording to, such personnel of it and (iii) agrees that in any Proceedings it will not object to the introduction of such recordings in evidence on the ground that consent was not properly given.

(j) ***Relationship between the Parties***

The Agreement is amended by the insertion after Section 14 of an additional Section 15, reading in its entirety as follows:

**"15. Relationship between the Parties**

Each party will be deemed to represent to the other party on the date on which it enters into a Transaction that (absent a written agreement between the parties that expressly imposes affirmative obligations to the contrary for that Transaction):

- (a) ***Non Reliance***. It is acting for its own account, and it has made its own decisions to enter into that Transaction and as to whether that Transaction is appropriate or proper for it based upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into that Transaction; it being understood that information and explanations related to the terms and conditions of a Transaction shall not be considered investment advice or a recommendation to enter into that Transaction. It has not received

from the other party any assurance or guarantee as to the expected results of that Transaction.

- (b) **Assessment and Understanding.** It is capable of assessing the merits of and understanding (through independent professional advice), and understands and accepts, the terms, conditions and risks of that Transaction. It is also capable of assuming, and assumes, the financial and other risks of that Transaction.
- (c) **Status of Parties.** The other party is not acting as a fiduciary for or an adviser to it in respect of that Transaction."

(k) **Tax**

- (i) In the first line of Section 2(d)(i)(4) of the Agreement the words "if such Tax is an Indemnifiable Tax" shall be deleted in their entirety and replaced with the words "if Party A is X only".
- (ii) Party B will, on each Interest Payment Date (as defined in the Terms and Conditions relating to the Notes), subject to and in accordance with the order of priority of payments agreed between Party A and Party B pursuant to the Deed of Charge, pay to Party A an amount (a "**Withholding Compensation Amount**") equal to:
  - (A) any Additional Amounts paid by Party A to Party B on such Interest Payment Date and, to the extent not paid by Party B to Party A on any previous Interest Payment Date, any Additional Amounts paid by Party A on any previous Interest Payment Date; and
  - (B) any Withheld Amount in respect of such Interest Payment Date, and, to the extent not paid by Party B to Party A on any previous Interest Payment Date, any Withheld Amount in respect of any previous Interest Payment Date,

where:

"**Additional Amounts**" means any amounts equal to any additional amounts (if any) paid by Party A in accordance with Section 2(d)(i)(4) of this Agreement.

"**Withheld Amount**" means an amount equal to any withholding or deduction made by Party B in accordance with Section 2(d) of this Agreement,

provided that there will be no double counting in relation to any Tax credit, allowance, set off or repayment from the tax authorities of any jurisdiction which is received by Party B and is paid directly to Party A in accordance with Part 5(k)(iv) below.

This paragraph is the "Withholding Compensation Amounts Provision" referred to in certain of the Relevant Documents (as defined in the Deed of Charge).



- (iii) Where Party B pays a Withholding Compensation Amount, Party A undertakes as follows:
- (A) to the extent that Party A obtains any Tax credit, allowance, set-off or repayment from the tax authorities of any jurisdiction relating to the deduction or withholding that gave rise to such Withholding Compensation Amount, it shall forthwith pay to Party B so much of the cash benefit (as calculated below) relating thereto (the "**Cash Benefit A**") which it has received as will leave Party A in substantially the same position as Party A would have been in if no such deduction or withholding had been required;
  - (B) the Cash Benefit A shall be equal to,
    - (1) in the case of a Tax credit, allowance or set-off, the additional amount of Tax which would have been payable by Party A but for such Tax credit, allowance or set-off; or
    - (2) in the case of a repayment, the amount of such repayment;together, in either case, with any related interest or similar payment obtained by it;
  - (C) the Cash Benefit A shall be taken to be received:
    - (1) in the case of a Tax credit, allowance or set-off, (I) on the date when Party A becomes entitled to the Tax credit, allowance or set-off if Party A has made a provision for the additional amount of Tax otherwise payable which provision is able to be released on that date, or (II) on the date when the additional amount of Tax would have been payable if no such provision has been made; or
    - (2) in the case of a repayment, on the date when the repayment is made;
  - (D) it will use all reasonable endeavours to obtain any Tax credit, allowance, set-off or repayment as soon as is reasonably practicable and shall supply Party B with a reasonably detailed explanation of its calculation of the amount of any such Tax credit, allowance, set-off or repayment and of the date on which it becomes entitled to the same, or in the case of repayment, the same is received; and
  - (E) it will use all reasonable endeavours to utilise in accordance with its accounting policies any Tax credit, allowance or set-off which would otherwise be unutilised.

Where Party B pays a Withholding Compensation Amount as a result of the withholding of a Withheld Amount, Party B undertakes to use reasonable endeavours to identify to Party A the withholding or deduction that has given rise to such payment.

- (iv) Where an Additional Amount arises, Party B undertakes as follows:
- (A) to the extent that Party B obtains any Tax credit, allowance, set-off or repayment from the tax authorities of any jurisdiction relating to the deduction or withholding that give rise to such Additional Amount, it shall forthwith pay to Party A so much of the cash benefit (as calculated below) relating thereto (the "**Cash Benefit B**") which it has received as will leave Party B in substantially the same position as Party B would have been in if no such deduction or withholding had been required provided that there will be no double counting in relation to any Additional Amount in respect of which a Withholding Compensation Amount has been paid by Party B to Party A in accordance with Part 5(k)(iii) above;
  - (B) the Cash Benefit B shall be equal to,
    - (1) in the case of a Tax credit, allowance or set-off, the additional amount of Tax which would have been payable by Party B but for such Tax credit, allowance or set-off; or
    - (2) in the case of a repayment, the amount of such repayment;together, in either case, with any related interest or similar payment obtained by it;
  - (C) the Cash Benefit B shall be taken to be received:
    - (1) in the case of a Tax credit, allowance or set-off, (I) on the date when Party B becomes entitled to the Tax credit, allowance or set-off if Party B has made a provision for the additional amount of Tax otherwise payable which provision is able to be released on that date, or (II) on the date when the additional amount of Tax would have been payable if no such provision has been made; or
    - (2) in the case of a repayment, on the date when the repayment is made;
  - (D) it will use all reasonable endeavours to obtain any Tax credit, allowance, set-off or repayment as soon as is reasonably practicable and shall supply Party A with a reasonably detailed explanation of its calculation of the amount of any such Tax credit, allowance, set-off or repayment and of the date on which it becomes entitled to the same, or in the case of repayment, the same is received; and
  - (E) it will use all reasonable endeavours to utilise in accordance with its accounting policies any Tax credit, allowance or set-off which would otherwise be unutilised.

(1) ***Security, Enforcement and Limited Recourse***

- (i) Party A agrees with Party B and the Trustee to be bound by the terms of the Deed of Charge and, in particular, confirms that:
- (A) no sum shall be payable by or on behalf of Party B to it except in accordance with the provisions of the Deed of Charge;
  - (B) unless an Enforcement Notice has been served or unless the Trustee, having become bound to do so, fails to serve an Enforcement Notice and/or to take any steps or proceedings pursuant to the Deed of Charge to enforce the security thereby created:
    - (1) it shall not take any steps whatsoever to direct the Trustee to enforce any security created by or pursuant to the Deed of Charge; and
    - (2) it shall not take any steps for the winding up, dissolution or reorganisation, or for the appointment of a receiver, administrator, administrative receiver, trustee, liquidator, sequestrator or similar officer of Party B or of any or all of its revenues and assets nor participate in any *ex parte* proceedings nor seek to enforce any judgment against Party B, subject to the provisions of the Deed of Charge.

Notwithstanding the above, the provisions of this Part 5(1)(i) are in no way intended to alter the terms set out in the Deed of Charge and to the extent that any conflict arises between the terms of the Deed of Charge and this Part 5(1)(i), the terms of the Deed of Charge shall prevail.

- (ii) In relation to all sums due and payable by Party B to Party A, Party A agrees that it shall have recourse only to funds available for the purpose pursuant and subject to the order of priority of payments set out in the Deed of Charge.
- (iii) Notwithstanding the provisions of Section 6 of this Agreement, any notice given by Party A designating an Early Termination Date shall be given to the Trustee in respect of the Deed of Charge, with a copy to Party B. In the event that service of an Enforcement Notice occurs following the date of giving of such notice but prior to the date which would otherwise have been the Early Termination Date, the effective date of such Enforcement Notice shall be the Early Termination Date.
- (iv) If, on any date, after the application of Section 2(c), Party B does not pay the full amount it would otherwise owe under any Transaction (including any default interest under Section 2(e) accruing in respect of a Withholding Compensation Amount but excluding payments to be made pursuant to Section 6) as a result of the limitation contained in Part 5 (1)(i) or Part 5 (1)(ii) above, then:
  - (A) payment by Party B of the shortfall will not then fall due but will instead be deferred until the first Party A Payment Date thereafter on

which sufficient funds are available to Party B (subject to Part 5 (l)(i) or Part 5 (l)(ii) above); and

- (B) failure by Party B to make the full payment under such Transaction (after the application of Section 2(c) to such Transaction) shall not constitute an Event of Default for the purpose of Section 5(a)(i) or Section 5(a)(ii).
- (v) For the avoidance of doubt, if an Early Termination Date results from an Event of Default or an Additional Termination Event, any amounts otherwise payable under this Agreement (the payment of which was deferred or not paid in the circumstances described under Part 5 (l)(iv) above) by Party A and by Party B, will be deemed to be Unpaid Amounts (except that any Withholding Compensation Amount shall not constitute an Unpaid Amount for the purposes of this Agreement, but instead shall constitute a separate and independent obligation of the relevant party).
- (vi) Following the calculation thereof, Party B shall notify Party A at least two Business Days in advance of the relevant Payment Date of the amount of any shortfall, the payment of which by Party B is deferred in accordance with Part 5 (l)(iv) above.
- (vii) If any payment of any amounts by Party B is deferred in accordance with Part 5 (l)(iv) above then the amount so deferred (the "**Deferred Amount**") shall, subject to the terms of this Agreement, be payable on the next Mortgage Rate Payment Date (together with an additional amount, being the interest accrued on the Deferred Amount for the period of such deferral at the applicable Mortgage Rate) and the Mortgage Rate Amount due on such date shall be deemed to include such amounts.

(m) ***Condition Precedent***

Section 2(a)(iii) shall be amended by the deletion of the words "or Potential Event of Default" in respect only of the obligations under Section 2(a)(i) of Party A.

(n) ***Representations***

Section 3(b) shall be amended by the deletion of the words "or Potential Event of Default" in respect of the representation given by Party B only. For the purpose of Section 3(c), Party A shall be deemed to have no Affiliates.

(o) ***Additional Definitions***

(i) ***Definition of "Notes"***

For the purpose of this Agreement, "**Class A Notes**", "**Class B Notes**", "**Class C Notes**", "**Class E Notes**" and "**Notes**" have the same meaning as indicated in the Deed of Charge (as defined below).

"**Relevant Notes**" means the Class A Notes, the Class B Notes, the Class C Notes and the Class E Notes (as defined in the Deed of Charge).

(ii) ***Definition of "Deed of Charge"***

For the purpose of this Agreement "**Deed of Charge**" means the Deed of Sub-Charge and Assignment dated on or about the date of this Agreement between, among others, Party A, Party B and the Trustee.

(iii) ***Definitions***

This Agreement, the Confirmations and each Transaction hereunder are subject to the 2006 ISDA Definitions (as published by the International Swap and Derivatives Association, Inc.) (the "**Definitions**") and will be governed in all respects by the provisions set forth in the Definitions, without regard to any amendments subsequent to the date of this Agreement.

The provisions of the Definitions are incorporated by reference in and shall be deemed to be part of this Agreement and each Confirmation as if set forth in full in this Agreement and in each such Confirmation.

In the event of any inconsistency between the provisions of this Agreement and the Definitions, this Agreement will prevail.

Words and expressions used in this Schedule which are not defined herein or in the Definitions shall have the same meanings as are given to them in the Confirmation.

Terms defined or referred to in the Conditions (as defined in the Deed of Charge) and the Relevant Documents (as defined in Condition 3 of those Conditions) shall, where the context permits, bear the same respective meanings in this Agreement. In the event of any conflict between those Conditions and the definitions in the Relevant Documents, the definitions in the Conditions shall prevail. In the event of any conflict between those Conditions, the definitions in the Relevant Documents and the definitions in this Schedule, the definitions in this Schedule shall prevail.

(p) ***Close-out Calculations***

Notwithstanding Section 6 of this Agreement, if an Early Termination Date is designated at a time when Party A is (A) the Affected Party in respect of an Additional Termination Event or (B) the Defaulting Party in respect of any Event of Default, paragraphs (i) to (vi) below shall apply:

- (i) The definition of "**Market Quotation**" shall be deleted in its entirety and replaced with the following:

"**Market Quotation**" means, with respect to one or more Terminated Transactions, a Firm Offer which is:

- (1) made by a Moody's Eligible Replacement;
- (2) for an amount that would be paid to Party B (expressed as a negative number) or by Party B (expressed as a positive number) in consideration of an agreement between Party B and such Moody's

Eligible Replacement to enter into a transaction (the "**Replacement Transaction**") that would have the effect of preserving for Party B the economic equivalent of any payment or delivery (whether the underlying obligation was absolute or contingent and assuming the satisfaction of each applicable condition precedent) by the parties under this Agreement in respect of such Terminated Transactions or group of Terminated Transactions that would, but for the occurrence of the relevant Early Termination Date, have been required after that date;

- (3) made on the basis that Unpaid Amounts in respect of the Terminated Transaction or group of Transactions are to be excluded but, without limitation, any payment or delivery that would, but for the relevant Early Termination Date, have been required (assuming satisfaction of each applicable condition precedent) after that Early Termination Date is to be included;
  - (4) made in respect of a Replacement Transaction with terms that are, in all material respects, no less beneficial for Party B than those of this Agreement (save for the exclusion of provisions relating to Transactions that are not Terminated Transactions), as determined by Party B; and
  - (5) obtained by Party A or Party B."
- (ii) If Party B elects to determine whether or not a Firm Offer satisfies the condition in sub-paragraph (4) of Market Quotation, it shall do so in a commercially reasonable manner.
  - (iii) The definition of "Settlement Amount" shall be deleted in its entirety and replaced with the following:

""**Settlement Amount**" means, with respect to any Early Termination Date:

- (1) if, on or prior to such Early Termination Date, a Market Quotation for the relevant Terminated Transaction or group of Terminated Transactions is accepted by Party B so as to become legally binding, the Termination Currency Equivalent of the amount (whether positive or negative) of such Market Quotation;
- (2) if, on such Early Termination Date, no Market Quotation for the relevant Terminated Transaction or group of Terminated Transactions has been accepted by Party B so as to become legally binding and one or more Market Quotations have been communicated to Party B and remain capable of becoming legally binding upon acceptance by Party B, the Termination Currency Equivalent of the amount (whether positive or negative) of the lowest of such Market Quotations (for the avoidance of doubt, (i) a Market Quotation expressed as a negative number is lower than a Market Quotation expressed as a positive number and (ii) the lower of two Market Quotations expressed as negative numbers is the one with the largest absolute value); or

- (3) if, on such Early Termination Date, no Market Quotation for the relevant Terminated Transaction or group of Terminated Transactions has been accepted by Party B so as to become legally binding and no Market Quotations have been communicated to Party B and remain capable of becoming legally binding upon acceptance by Party B, Party B's Loss (whether positive or negative and without reference to any Unpaid Amounts) for the relevant Terminated Transaction or group of Terminated Transactions."
  - (iv) If Party B requests Party A in writing to obtain Market Quotations, Party A shall use its reasonable efforts to do so before the Early Termination Date.
  - (v) At any time on or before the Early Termination Date at which two or more Market Quotations have been communicated to Party B and remain capable of becoming legally binding upon acceptance, Party B shall be entitled to accept only the lowest of such Market Quotations (for the avoidance of doubt, (i) a Market Quotation expressed as a negative number is lower than a Market Quotation expressed as a positive number and (ii) the lower of two Market Quotations expressed as negative numbers is the one with the larger absolute value).
  - (vi) For the purpose of determining Unpaid Amounts, any payment or delivery obligation which was (or would have been but for Section 2(a)(iii)) required to be performed pursuant to paragraph 2 of the Credit Support Annex shall be disregarded for the purposes of Section 6(e).
- (q) ***Transfers***
- (i) Notwithstanding Section 7 of this Agreement and subject to this Part 5(q) (*Transfers*), Part 5(b) (*Security Interest*), and Section 6(b)(ii), neither party may transfer (whether by way of security or otherwise) any interest or obligation in or under this Agreement without the prior written consent of the other party.
  - (ii) Subject to giving prior written notification to Party B, Party A may (at its own cost) transfer its rights and obligations with respect to this Agreement to any other entity (a "*Transferee*") if:
    - (A) the Transferee contracts with Party B on terms that (x) have the same effect as the terms of this Agreement in respect of any obligation (whether absolute or contingent) to make payment or delivery after the effective date of such transfer and (y) insofar as they do not relate to payment or delivery obligations, are, in all material respects, no less beneficial for Party B than the terms of this Agreement immediately before such transfer;
    - (B) unless the Transferee contracts with Party B on terms that are identical to the terms of this Agreement (save for any amendments that are necessary to reflect, or are a natural consequence of, the fact that the Transferee is to be substituted for Party A), Party B has

determined that the condition in (A)(y) above is satisfied and communicated such determination to Party A in writing;

- (C) the Transferee: (1) is a Moody's Eligible Replacement; and (2) is an entity whose short-term IDR is then rated not less than "F1" (or its equivalent) by Fitch and its long-term IDR is then rated not less than "A" (or its equivalent) by Fitch or such Transferee's obligations under this Agreement are guaranteed by an entity whose short-term IDR is then rated not less than "F1" (or its equivalent) by Fitch and whose long-term IDR is then rated not less than "A" (or its equivalent) by Fitch;
  - (D) notice of such transfer has been given to Fitch and Moody's;
  - (E) (except where: (i) Party A is, as of the date of such transfer, already paying, or will be liable to pay as at the next Scheduled Payment Date, additional amounts to Party B pursuant to Section 2(d)(i) of this Agreement; and (ii) the Transferee would be required upon a transfer to pay additional amounts to Party B pursuant to Section 2(d)(i) of this Agreement or an equivalent provision in the replacement agreement, as applicable, as of the date of such transfer) as of the date of such transfer, the Transferee will not, as a result of such transfer, be required to make any withholding or deduction for or on account of any Tax in respect of payments made under this Agreement; and
  - (F) as judged immediately prior to the proposed transfer, a Termination Event or Event of Default will not occur as a direct result of such transfer.
- (iii) If Party B elects to determine whether or not a transfer satisfies the condition in (ii)(A)(y) above, it shall do so in a commercially reasonable manner.
  - (iv) Following a transfer in accordance with Part 5(q)(ii), all references to Party A shall be deemed to be references to the Transferee.
  - (v) Notwithstanding Part 5(q)(ii) above and subject to Part 5(q)(vi) below, Party A (for the purposes of this Part 5(q)(v) and Part 5(q)(vi) below, the "**Novation Transferor**") may (at its own cost) transfer by novation all its rights, liabilities, duties and obligations with respect to this Agreement, including the Transaction hereunder, to any other entity (a "**Novation Transferee**") with the effect that Party B, the Trustee and the Novation Transferee will enter into a new agreement (a "**New Agreement**"), including a new transaction thereunder (a "**New Transaction**"), each having terms identical to this Agreement and the Transaction hereunder, respectively, if each of the following provisions (1) to (5) (inclusive) are satisfied:
    - (1) the Novation Transferor and the Novation Transferee deliver to Party B and the Trustee a duly completed and executed Novation Certificate on or prior to the applicable Novation Effective Date;



- (2) the Novation Transferee is (i) a Moody's Eligible Replacement; and (ii) an entity whose short-term IDR is then rated not less than "F1" (or its equivalent) by Fitch and its long-term IDR is then rated not less than "A" (or its equivalent) by Fitch or such Novation Transferee's obligations under the New Agreement are guaranteed by an entity whose short-term IDR is then rated not less than "F1" (or its equivalent) by Fitch and whose long-term IDR is then rated not less than "A" (or its equivalent) by Fitch;
  - (3) as judged immediately prior to the applicable Novation Effective Date, a Termination Event or Event of Default will not occur under the New Agreement as a direct result of such novation;
  - (4) the Novation Transferor or the Novation Transferee has delivered, on or prior to the applicable Novation Effective Date, a legal opinion prepared by a reputable law firm and addressed to Party B and the Trustee confirming that, as of the Novation Effective Date, the Novation Transferee will not, as a result of the novation, be required to make any withholding or deduction for or on account of any Tax in respect of payments made under the New Agreement; and
  - (5) Party B has given its prior written consent to such novation (such consent not to be unreasonably withheld or delayed).
- (vi) Provided that each of the provisions (1) to (5) (inclusive) in Part 5(q)(v) above have been satisfied, with effect from and including the Novation Effective Date and in consideration of the representations, warranties and covenants contained in the Novation Certificate, Party B and the Trustee agree for the benefit of the Novation Transferor and the Novation Transferee that:
- (1) the Novation Transferor will be released and discharged from further obligations to Party B and the Trustee with respect to this Agreement, including the Transaction hereunder, other than those obligations and liabilities with respect to payments or other obligations due and payable or due to be performed by the Novation Transferor on or prior to the Novation Effective Date;
  - (2) their respective rights against the Novation Transferor with respect to this Agreement, including the Transaction hereunder, will be cancelled other than their rights with respect to payments or other obligations due and payable or due to be performed by the Novation Transferor on or prior to the Novation Effective Date;
  - (3) with respect to payments or other obligations due and payable or due to be performed by Party B or the Trustee respectively on or prior to the Novation Effective Date, all such payments and obligations shall be paid or performed by Party B or the Trustee (as applicable) in accordance with the terms of this Agreement, including the Transaction hereunder;

- (4) they will, in assuming their positions under the New Agreement, including the New Transaction thereunder which shall be identical to their respective positions under this Agreement and the Transaction hereunder, undertake liabilities and obligations towards, and acquire rights against the Novation Transferee under the New Agreement, including the New Transaction thereunder, which shall be identical to those which Party B and the Trustee respectively had under this Agreement and the Transaction hereunder, save for any rights, liabilities or obligations that they have with respect to payments or other obligations due and payable or due to be performed on or prior to the Novation Effective Date; and
- (5) the New Transaction shall be governed by and form part of the New Agreement (which shall be evidenced by means of this Agreement as deemed to be modified to be consistent with Part 5(q)(v) above, this Part 5(q)(vi) and the Novation Certificate) and the Confirmation in respect of the Transaction (which, in conjunction and as deemed modified to be consistent with Part 5(q)(v) above, this Part 5(q)(vi) and the Novation Certificate, shall be deemed to be a Confirmation between Party B, the Trustee and the Novation Transferee).

(vii) For the purposes of this Agreement:

**"Novation Certificate"** means a certificate, substantially in the form of Appendix A (Form of Novation Certificate).

**"Novation Effective Date"** has the meaning given to such term in the Novation Certificate.

(r) ***Rights of Third Parties***

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement provided that this shall not affect any rights of any third party which may be granted in respect of this Agreement pursuant to the terms of the Deed of Charge.

(s) ***Principal Paying Agent Payment***

Party A hereby undertakes with Party B that, unless otherwise agreed between the parties, it will make all payments of all sums payable in respect of this Agreement directly to the Principal Paying Agent. Party B agrees that payment by Party A made in accordance with this provision of an amount due to Party B shall discharge the liability of Party A to the extent of such payment.

(t) ***Successors***

References in this Agreement to Party A and Party B shall (for the avoidance of doubt) include, where appropriate, any permitted successor or assign thereof.

(u) ***Benefit of Agreement***

Any legal entity into which Party A is merged or converted or any legal entity resulting from any merger or conversion to which Party A is a party shall, to the extent permitted by applicable law, be a party to this Agreement in place of Party A without any further act or formality.

(v) ***Severability***

Any provision of this Agreement which is prohibited (for reasons other than those constituting an illegality) or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of the Agreement or affecting the validity or enforceability of such provision in any other jurisdiction unless the severance shall substantially impair the benefits of the remaining portions of this Agreement or change the reciprocal obligations of the parties.

(w) ***Optional Termination***

Party B may at any time, in the event of the sale prior to the final redemption of the Notes or the early redemption of or the enforcement of any mortgage which has been hedged by a Transaction under this Agreement, give not less than three Business Days' notice (an "**Optional Termination Notice**") of its intention to terminate, in whole or in part, that Transaction, provided that any such termination shall not adversely affect the rating provided by Moody's or Fitch in respect of the Notes. Such termination shall be effective on the date (the "**Optional Termination Date**") which is the next Party A Interest Payment Date after the date on which such notice is given by Party B (or, if such notice is given less than three Business Days before such next Party A Interest Payment Date, the following Party A Interest Payment Date), such notice to specify the Transaction (the "**Relevant Transaction**") and the percentage of the Notional Amount thereof to be so terminated (the "**Terminated Portion**"), provided that the parties hereto may at any time agree that the Optional Termination Date in respect of a Terminated Portion shall be earlier than the date which would otherwise be applicable under this paragraph. In this event, notwithstanding the provisions of Section 5 and Section 6 of the Agreement, Party A shall determine the "**Market Value**" (as defined below) with respect to the Terminated Portion and the following provisions shall apply:

- (i) If the Market Value so determined is a negative number, Party B shall pay the absolute value of that amount to Party A on the Optional Termination Date, provided that any such payment shall be made in accordance with the order of priority of payments, as agreed between Party B and Party A pursuant to the Deed of Charge.
- (ii) If the Market Value so determined is a positive number, notwithstanding anything to the contrary in the Agreement or this Schedule, Party A will not be obliged to pay any amount in respect of the Terminated Portion to Party B on the Optional Termination Date but the following shall occur:
  - (A) in the event that the Terminated Portion of the Relevant Transaction is less than 100% of the Notional Amount, Party A will be obliged to pay

Annuity Payments (as defined below) to Party B on each Party A Interest Payment Date specified for the original Transaction following the Optional Termination Date; or

- (B) in the event that, the Relevant Transaction has terminated in whole, Party A will be obliged to pay Annuity Payments on each Party A Interest Payment Date which would have occurred under the Relevant Transaction had it not been terminated in whole in accordance with this paragraph(s);

it being further provided that, despite the Relevant Transaction having been terminated in whole or in part, the remaining obligations of the parties as specified in this sub-paragraph (ii) shall survive and shall be deemed to constitute a Transaction from the Optional Termination Date (for which this sub-paragraph (ii) constitutes the Confirmation).

**"Annuity Payment"** means such amounts as Party B and Party A may agree on the date on which Party A receives the relevant Optional Termination Notice in respect of a transaction under which Party A will pay a fixed annuity payment to Party B on each Party A Interest Payment Date which would fall during the period commencing on (and including) the first Party A Interest Payment Date which falls after the Optional Termination Date and ending on (and including) the Party A Interest Payment Date on which the Relevant Transaction would otherwise have expired if it had not been terminated (in whole or in part) pursuant to this Part 5(w) in consideration of a payment of an amount equal to the Market Value of the Terminated Portion on the Optional Termination Date which would have been payable to Party B if upon termination Party A had made a termination payment in the form of one payment on the Optional Termination Date equal to Market Value (the **"Annuity Terms"**). If Party B and Party A cannot so agree, Party A shall at or about 11.00 a.m. London time two Business Days prior to the Optional Termination Date in accordance with customary market practice request four leading banks in the market for transactions in sterling to provide their quotes for the annuity payments which they would make on the basis of the Annuity Terms. If more than three quotes are provided, the highest quote (or, if there is more than one such highest quote, one only of such quotes) and lowest quote (or if there is more than one such lowest quote, one only of such quotes) will be disregarded and the Annuity Payments to be made by Party A shall be the arithmetic mean of the remaining quotes. If exactly three quotes are provided, then Annuity Payments to be made by Party A shall be the quote remaining after disregarding the highest quote and the lowest quote. However, if less than three quotes are provided (or if exactly three quotes are provided and two of such quotes are the same), then Party A shall determine the Annuity Payments to be made by it in good faith and in a reasonable manner and it may (but need not) determine the Annuity Payments by reference to quotes of relevant rates or prices from one or more leading dealers in the relevant market.

Upon the Optional Termination Date subject to paragraph(s) (i) and (ii) above, the obligations of both parties with respect to the Terminated Portion of the Relevant Transaction shall be discharged in full (subject to reinstatement should any sums subsequently be recovered by, or on behalf of, the party making the payment) and the Notional Amount of the Transaction outstanding shall be reduced accordingly.

**"Market Value"** shall be the amount (which may be positive or negative) agreed by Party B and Party A on the date on which Party A receives the relevant Optional Termination Notice to be payable by Party B to Party A (expressed as a negative if an amount would be payable to Party B) on the relevant Optional Termination Date upon termination of the Terminated Portion of the Relevant Transaction. In the event that the parties cannot so agree, Party A shall request, at or about 11.00 a.m. London time two Business Days prior to the Optional Termination Date, in accordance with customary market practice, from four leading banks in the market for Transactions in Sterling, the amount in Sterling that would be paid to Party A (expressed as a negative) or by Party A (expressed as a positive) in consideration of a transaction on substantially the same terms as the Terminated Portion of the Relevant Transaction commencing on the Optional Termination Date. If more than three quotes are provided, the highest quote (or, if there is more than one such highest quote, one only of such quotes) and lowest quote (or, if there is more than one such lowest quote, one only of such quotes) will be disregarded and "Market Value" shall be the arithmetic mean of the remaining quotes. If exactly three quotes are provided, then Market Value shall be the quote remaining after disregarding the highest quote and the lowest quote. However, if less than three quotes are provided (or if exactly three quotes are provided and two of such quotes are the same), then Party A shall determine the Market Value in good faith and in a reasonable manner and it may (but need not) determine the Market Value by reference to quotes of relevant rates or prices from one or more leading dealers in the relevant market.

(x) ***NFC Representation***

- (i) Party B represents to Party A as at the date of this Agreement and on each date on which a Transaction is entered that it is an NFC-.
- (ii) Party B will notify Party A if at any time it ceases to be an NFC-.
- (iii) Notwithstanding anything to the contrary in this Agreement, if the representation set out in Part 5(x)(i) above proves to have been incorrect or misleading in any material respect when made (or deemed repeated) by Party B, neither a Termination Event nor an Event of Default will occur in respect of this Agreement.
- (iv) For the purposes of this Agreement:

**"EMIR"** means Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012; and

**"NFC-"** means a non-financial counterparty (as such term is defined in EMIR) that is not a non-financial counterparty referred to in Article 10 of EMIR.

(y) ***Timely Confirmation***

- (i) Section 9(e)(ii) is hereby amended by:

- (A) replacing the word "practicable" with the word "possible" in the third line thereof;
  - (B) inserting "or by such other method intended by the parties to be effective for the purpose of confirming or evidencing such Transaction" immediately before the words "which in each case will be sufficient" in the fifth line thereof; and
  - (C) inserting a new Part 9(e)(iii) as follows:
 

"In respect of each Relevant Confirmation Transaction, Party A and Party B will use reasonable efforts acting in good faith and a commercially reasonable manner to ensure each Relevant Confirmation Transaction is confirmed by the Timely Confirmation Deadline."
- (ii) Without prejudice to the rights, powers, remedies and privileges provided by law, failure by a party to comply with its obligations under Part 5(y) will not constitute an Event of Default or a Termination Event under the Agreement.
  - (iii) For the purposes of this Agreement:
    - (A) "**CCP**" means a central clearing house authorised under Article 14 of EMIR or recognised under Article 25 of EMIR;
    - (B) "**Cleared**" means, in respect of a Transaction, that such Transaction has been submitted (including where details of such Transaction are submitted) to a CCP for clearing in a relevant CCP Service and that such CCP has become a party to a resulting or corresponding transaction, as applicable, pursuant to such CCP's Rule Set;
    - (C) "**CCP Service**" means in respect of a CCP, an over-the-counter derivative clearing service offered by such CCP;
    - (D) "**Relevant Confirmation Transaction**" means any Transaction which is not Cleared and which was entered into on or following the Timely Confirmation Start Date between the parties;
    - (E) "**Rule Set**" means, with respect to a CCP Service, the relevant rules, conditions, procedures, regulations, standard terms, membership agreements, collateral addenda, notices, guidance, policies or such other documents promulgated by the relevant CCP and amended and supplemented from time to time;
    - (F) "**Timely Confirmation Deadline**" means, in respect of a Relevant Confirmation Transaction, the end of the latest day by which such Relevant Confirmation Transaction must be confirmed in accordance with Article 12 of Chapter VIII of the Commission Delegated Regulation (EU) No 149/2013 published on 23 February 2013 in the Official Journal of the European Union; and

(G) "*Timely Confirmation Start Date*" means the twentieth day following the day of publication of Article 12 of Chapter VIII of the Commission Delegated Regulation (EU) No 149/2013 published 23 February 2013 in the Official Journal of the European Union.

(z) *Amendment Regarding EMIR*

Notwithstanding any other provisions herein, Party A may, at any time during the term of this Agreement, notify Party B that certain provisions, rules, regulations, directions, processes, guidelines and procedures relating to EMIR (including, without limitation, any associated regulatory technical standards and advice, guidance or recommendations from relevant supervisory regulators) have been clarified, updated, delivered, amended, modified or become operative or applicable (the "**New EMIR Requirements**") and, as a result, require the amendment or modification of this Agreement to meet the New EMIR Requirements. Party A and Party B agree to use reasonable endeavours to cooperate with each other to determine and reach agreement on the terms of, and to execute, such amended and restated Agreement.

If this Agreement is not so amended or modified to meet the New EMIR Requirements within 30 Business Days (or such longer period as may be agreed between Party A and Party B) following a notice made in accordance with Part 5(z)(*Amendment Regarding EMIR*) by Party A to Party B (the "**Amendment Deadline**"), it will constitute an Additional Termination Event for purposes of Section 5(b)(v); provided that no such Additional Termination Event shall occur if the failure to so amend or modify this Agreement is caused by any commercially unreasonable action or inaction of Party A or the Trustee. If this Additional Termination Event occurs, Party B shall be the sole Affected Party and all Transactions then outstanding between the parties shall be Affected Transactions.

(aa) *Amendment to Priority of Payments or Relevant Documents*

Party B hereby covenants in favour of Party A that it shall not agree to any amendment to the Revenue Priority of Payments, Principal Priority of Payments, the Enforcement Priority of Payments or any Relevant Document that it considers to be materially prejudicial to Party A without first gaining the prior written consent of Party A.

## **Part 6. Risk Mitigation**

### **Portfolio Reconciliation**

(1) For the avoidance of doubt, this Part 6 shall not apply to the Trustee, and it shall have no obligations under this Part 6, and references to "party" or "parties" shall not include references to it.

#### **(2) Agreement to Reconcile Portfolio Data**

The parties agree to reconcile portfolios as required by the Portfolio Reconciliation Risk Mitigation Techniques.

(a) **One-way Delivery of Portfolio Data.** If one party is a Portfolio Data Sending Entity and the other party is a Portfolio Data Receiving Entity:

- (i) on each Data Delivery Date, the Portfolio Data Sending Entity will provide Portfolio Data to the Portfolio Data Receiving Entity;
- (ii) on each PR Due Date, the Portfolio Data Receiving Entity will perform a Data Reconciliation;
- (iii) if the Portfolio Data Receiving Entity identifies one or more discrepancies which such party determines, acting reasonably and in good faith, are material to the rights and obligations of the parties in respect of one or more Relevant Transaction(s), it will notify the other party in writing as soon as reasonably practicable and the parties will consult with each other in an attempt to resolve such discrepancies in a timely fashion for so long as such discrepancies remain outstanding using, without limitation, any applicable updated reconciliation data produced during the period in which such discrepancy remains outstanding; and
- (iv) if the Portfolio Data Receiving Entity does not notify the Portfolio Data Sending Entity that the Portfolio Data contains discrepancies by the Affirmation Deadline, the Portfolio Data Receiving Entity will be deemed to have affirmed such Portfolio Data at the Affirmation Deadline;

(b) **Exchange of Portfolio Data.** If both parties are Portfolio Data Sending Entities:

- (i) on each Data Delivery Date, each party will provide Portfolio Data to the other party;
- (ii) on each PR Due Date, each party will perform a Data Reconciliation; and
- (iii) if a party identifies one or more discrepancies which such party determines, acting reasonably and in good faith, are material to the rights and obligations of the parties in respect of one or more Relevant Transaction(s), it will notify the other party in writing as soon as reasonably practicable and the parties will consult with each other in an attempt to resolve any such discrepancies in a timely fashion for so long as such discrepancies remain outstanding using, without limitation, any applicable updated reconciliation data



produced during the period in which such discrepancy remains outstanding;  
or

- (c) **Alternate Process.** If both parties are Portfolio Data Receiving Entities, the parties will agree a process for reconciling Portfolio Data in order to meet the requirements of the Portfolio Reconciliation Risk Mitigation Techniques.

(3) **Change of Status**

- (a) Each party may change its own designation:

- (i) from Portfolio Data Receiving Entity to Portfolio Data Sending Entity, by one month's written notice to the other party; and
- (ii) from Portfolio Data Sending Entity to Portfolio Data Receiving Entity, with the agreement of the other party (such agreement not to be unreasonably withheld or delayed). If, as a result of any such change of designation, both parties will be Portfolio Data Receiving Entities, Part 6(2)(c) will apply.

- (b) If a party believes, acting reasonably and in good faith, that the parties are required to perform Data Reconciliation at a greater or lesser frequency than that being used by the parties at such time, it will notify the other party of such in writing, providing evidence on request. From the date such notice is effectively delivered, such greater or lesser frequency will apply and the first following PR Due Date will be the date agreed between the parties or, in the absence of such agreement, the first Joint Business Day occurring on or immediately following the date such notice is effective.

(4) **Use of agents and third party service providers**

Without prejudice to (2) above, for the purposes of this Part 6, each party may appoint (a) an agent by not less than one month's written notice to the other party; and/or (b) subject to the other party's agreement, a qualified and duly mandated third party service provider, in either case to perform or otherwise act on the appointing party's behalf in respect of all or part of the actions required under Parts 6(2) and 6(3).

## **Dispute Resolution**

(5) **Dispute Identification and Resolution Procedure**

The parties agree to use the following procedure to identify and resolve Disputes between them:

- (a) either party may identify a Dispute by sending a Dispute Notice to the other party;
- (b) on and following the Dispute Date, the parties will consult in good faith to resolve the Dispute in a timely manner, including, without limitation, exchanging any relevant information and by identifying and using any Agreed Process which can be applied to the subject of the Dispute or, where no such Agreed Process exists or the parties agree that such Agreed Process would be unsuitable, determining and applying a resolution method for the Dispute; and

- (c) with respect to any Dispute that is not resolved within five Joint Business Days, escalate issues internally to appropriately senior members of staff in addition to actions under (b) immediately above.

**(6) Internal processes for recording and monitoring Disputes**

Each party agrees that it will have internal procedures and processes in place to record and monitor any Dispute for as long as the Dispute remains outstanding.

**Common Provisions**

**(7) Relationship to other portfolio reconciliation and dispute resolution processes**

- (a) This Part 6 and any action or inaction of either party in respect of it are without prejudice to any rights or obligations the parties may possess in respect of each other under any Agreed Process or other contractual agreement, by operation of law or otherwise. Action or inaction by a party in respect of this Part 6 will not be presumed to operate as an exercise or waiver, in whole or part, of any right, power or privilege such party may possess in respect of each other under any Agreed Process or other contractual agreement, by operation of law or otherwise. In particular, but without limitation, (i) any Valuation in respect of one or more Relevant Transactions which is agreed between the parties for the purposes of this Part 6 will be without prejudice to any other valuation with respect to such Relevant Transaction(s) made for collateral, close out, dispute or other purpose; (ii) the parties may seek to identify and resolve issues and discrepancies between themselves before either party delivers a Dispute Notice; and (iii) nothing in this Part 6 obliges a party to deliver a Dispute Notice following the identification of any such issue or discrepancy (notwithstanding that such issue or discrepancy may remain unresolved) or limits the rights of the parties to serve a Dispute Notice or otherwise to pursue any dispute resolution process in respect of the Agreement or any Credit Support Document.
- (b) Notwithstanding anything to the contrary in this Part 6, the parties may in good faith agree to any other procedure for the identification and/or resolution of any discrepancy or dispute between them, whether in addition to or in substitution of the procedures set out in this Part 6.

**(8) Remedies for Breach**

Without prejudice to the rights, powers, remedies and privileges provided by law, failure by a party to take any actions required by or to otherwise comply with this Part 6 will not constitute an Event of Default or Termination Event under the Agreement.

**(9) Notice Procedures**

Each notice to be delivered between the parties in accordance with this Part 6 will be effective if delivered in the manner agreed between the parties including, without limitation, pursuant to Section 12 of the Agreement.

**(10) Definitions**

For the purposes of this Part 6:

**"Affirmation Deadline"** means the later of the fifth Joint Business Day following the PR Due Date and the date on which the Portfolio Data Sending Entity provided the relevant Portfolio Data to the Portfolio Data Receiving Entity.

**"Agreed Process"** means any process agreed between the parties in respect of a Dispute other than the Dispute Resolution Procedure including, without limitation, the process in Section 13 of the Agreement and, where applicable, Paragraph 4 of the ISDA Credit Support Annex (Bilateral Form – Transfer) or Paragraph 5 of each of the ISDA Credit Support Deed (Bilateral Form – Security Interest) and the ISDA Credit Support Annex (Bilateral Form), in each case as may be amended between the parties.

**"Credit Support Document"** means any agreement between the parties for the provision of credit support or other security in respect of the Agreement, including, without limitation, the ISDA Credit Support Annex (Bilateral Form – Transfer), the ISDA Credit Support Deed (Bilateral Form – Security Interest) and the ISDA Credit Support Annex (Bilateral Form), in each case as may be amended between the parties.

**"Data Delivery Date"** means each date agreed as such between the parties provided that, in the absence of such agreement, the Data Delivery Date will be the Joint Business Day immediately prior to the PR Due Date.

**"Data Reconciliation"** means, in respect of a party receiving Portfolio Data, a comparison of the Portfolio Data provided by the other party against such party's own books and records of all outstanding Relevant Transactions between the parties in order to identify promptly any misunderstandings of Key Terms.

**"Dispute"** means any dispute between the parties (a) which, in the sole opinion of the party delivering the relevant Dispute Notice, is required to be subject to the Dispute Resolution Procedure (or other Agreed Process) pursuant to the Dispute Resolution Risk Mitigation Techniques and (b) in respect of which a Dispute Notice has effectively been delivered.

**"Dispute Date"** means, with respect to a Dispute, the date on which a Dispute Notice is effectively delivered by one party to the other party save that if, with respect to a Dispute, both parties deliver a Dispute Notice, the date on which the first in time of such notices is effectively delivered will be the Dispute Date.

**"Dispute Notice"** means a notice in writing which states that it is a dispute notice for the purposes of this Part 6 and which sets out in reasonable detail the issue (including, without limitation, the Relevant Transaction(s) to which the issue relates) referred to in the definition of "Dispute".

**"Dispute Resolution Procedure"** means the identification and resolution procedure set out in Part 6(5).

**"Dispute Resolution Risk Mitigation Techniques"** means the dispute resolution risk mitigation techniques for OTC derivative transactions set out in Article 11(1)(b) of EMIR as supplemented by Article 15 of Chapter VIII of the Commission Delegated

Regulation (EU) No 149/2013 of 19 December 2012 and published 23 February 2013 in the Official Journal of the European Union.

**"European Union"** means the economic and political union established in 1993 by the Maastricht Treaty, with the aim of achieving closer economic and political union between member states that are primarily located in Europe.

**"Joint Business Day"** means a day that is a Local Business Day in respect of each party.

**"Key Terms"** means with respect to a Relevant Transaction and a party, the Valuation of each Relevant Transaction and such other details the relevant party deems relevant from time to time which may include the effective date, the scheduled maturity date, any payment or settlement dates, the notional value of the contract and currency of the Relevant Transaction, the underlying instrument, the position of the counterparties, the business day convention and any relevant fixed or floating rates of the Relevant Transaction. For the avoidance of doubt, "Key Terms" do not include details of the calculations or methodologies underlying any term.

**"London Business Day"** means, in respect of a party, a day on which commercial banks and foreign exchange markets settle payments and are open for general business in London.

**"Portfolio Data"** means, in respect of a party providing or required to provide such data, the Key Terms in relation to all outstanding Relevant Transactions between the parties in a form and standard that is capable of being reconciled, with a scope and level of detail that is reasonably acceptable to the other party. Unless otherwise agreed between the parties, the information comprising the Portfolio Data to be provided by a party on a Data Delivery Date will be prepared as at the close of business on the immediately preceding London Business Day of, and as specified in writing by, the party providing the Portfolio Data.

**"Portfolio Data Receiving Entity"** means Party B.

**"Portfolio Data Sending Entity"** means Party A.

**"Portfolio Reconciliation Requirements"** means the requirements the parties are subject to in accordance with the Portfolio Reconciliation Risk Mitigation Techniques.

**"Portfolio Reconciliation Risk Mitigation Techniques"** means the portfolio reconciliation risk mitigation techniques for OTC derivative transactions set out in Article 11(1)(b) of EMIR as supplemented by Article 13 of Chapter VIII of the Commission Delegated Regulation (EU) No 149/2013 of 19 December 2012 and published on 23 February 2013 in the Official Journal of the European Union.

**"PR Due Date"** means each date agreed as such between the parties provided that the PR Due Date will be the PR Fallback Date where either (a) no date is agreed or (b) the agreed date occurs after the PR Fallback Date.

**"PR Fallback Date"** means: (a) in respect of the PR Period starting on the PR Requirement Start Date, the last Joint Business Day in such PR Period; and,

otherwise, (b) the last Joint Business Day in the PR Period starting on the calendar day immediately following the last calendar day of the immediately preceding PR Period. If there is no Joint Business Day in a PR Period, the PR Due Date will be the first Joint Business Day following the end of the PR Period.

**"PR Period"** means, with respect to the parties:

- (a) if the Portfolio Reconciliation Requirement requires Data Reconciliation to occur each business day, one Joint Business Day;
- (b) if the Portfolio Reconciliation Requirement requires Data Reconciliation to occur once per week, one calendar week;
- (c) if the Portfolio Reconciliation Requirement requires Data Reconciliation to occur once per quarter, three calendar months; or
- (d) if the Portfolio Reconciliation Requirement requires Data Reconciliation to occur once per year, one calendar year.

**"PR Requirement Start Date"** means the first calendar day on which the Portfolio Reconciliation Requirements apply mutually to the parties.

**"Relevant Transaction"** means any Transaction which is subject to the Portfolio Reconciliation Risk Mitigation Techniques and/or the Dispute Resolution Risk Mitigation Techniques.

**"Valuation"** means with respect to a Relevant Transaction, the valuation attributed to such Relevant Transaction by a party in accordance with Article 11(2) of EMIR, if any, and otherwise in accordance with Article 11(1)(b) of EMIR.

## Part 7. Confidentiality Waiver

For the avoidance of doubt, this Part 7 shall not apply to the Trustee, and it shall have no obligations under this Part 7, and references to "party" or "parties" shall not include references to it.

Notwithstanding anything to the contrary in this Agreement or in any non-disclosure, confidentiality or other agreement between the parties but subject to the provisions of the preceding sentence, each party hereby consents to the disclosure of information:

- (1) to the extent required or permitted under the provisions of EMIR and any applicable supporting law, rule or regulation ("**EMIR and Supporting Regulation**") which mandate reporting and/or retention of transaction and similar information or to the extent required or permitted under, or made in accordance with, any order or directive in relation to (and including) EMIR and Supporting Regulation regarding reporting and/or retention of transaction and similar information issued by any authority or body or agency in accordance with which the other party is required or accustomed to act ("**Reporting Requirements**"); or
- (2) to and between the other party's head office, branches or affiliates, or any persons or entities who provide services to such other party or its head office, branches or affiliates, in each case, in connection with such Reporting Requirements.

Each party acknowledges that pursuant to EMIR and Supporting Regulation, regulators require reporting of trade data to increase market transparency and enable regulators to monitor systemic risk to ensure safeguards are implemented globally.

Each party further acknowledges that disclosures made pursuant hereto may include, without limitation, the disclosure of trade information including a party's identity (by name, address, corporate affiliation, identifier or otherwise) to any swap or trade data repository registered in accordance with Article 55 of EMIR or recognised in accordance with Article 77 of EMIR or one or more systems or services operated by any such trade repository ("**TR**") and any relevant regulators (including without limitation, the European Securities and Markets Authority and national regulators in the European Union) under EMIR and Supporting Regulation and that such disclosures could result in certain anonymous swap transaction and pricing data becoming available to the public. Each party further acknowledges that, for purposes of complying with regulatory reporting obligations, a party may use a third party service provider to transfer trade information into a TR and that a TR may engage the services of a global trade repository regulated by one or more governmental regulators. Each party also acknowledges that disclosures made pursuant hereto may be made to recipients in a jurisdiction other than that of the disclosing party or a jurisdiction that may not necessarily provide an equivalent or adequate level of protection for personal data as the counterparty's home jurisdiction. For the avoidance of doubt, (i) to the extent that applicable non-disclosure, confidentiality, bank secrecy, data privacy or other law imposes non-disclosure requirements on transaction and similar information required or permitted to be disclosed as contemplated herein but permits a party to waive such requirements by consent, the consent and acknowledgements provided herein shall be a consent by each party for purposes of

such law; (ii) any agreement between the parties to maintain confidentiality of information contained in the Agreement or in any non-disclosure, confidentiality or other agreement shall continue to apply to the extent that such agreement is not inconsistent with the disclosure of information in connection with the Reporting Requirements as set out herein; and (iii) nothing herein is intended to limit the scope of any other consent to disclosure separately given by each party to the other party.

The consenting party represents and warrants that any third party to whom it owes a duty of confidence in respect of the information disclosed has consented to the disclosure of that information.

## Part 8. CFTC & SEC Representations.

For the purpose of Section 3 of this Agreement, Party B will make the following representations to Party A (which representations will be deemed to be repeated by Party B on each date on which (i) a Transaction is entered into and (ii) there is a change to the terms of an existing Transaction (including termination, assignment, novation, exchange, transfer, amendment, conveyance, or extinguishing of rights or obligations of a Transaction)).

- (i) ***Not a U.S. Person.*** Party B reasonably believes it does not fall within any of the U.S. Person Categories and believes in good faith that it would not otherwise be deemed to be a "U.S. person" under the Applicable Regulatory Issuances.
- (ii) ***Not an Affiliate Conduit or Conduit Affiliate.*** Party B reasonably believes it would not be classified as an "affiliate conduit" or "conduit affiliate", in each case as defined in the Applicable Regulatory Issuances, including the Affiliate Conduit Factors.
- (iii) ***No U.S. Person Guarantee.*** Party B's obligations to Party A in connection with the relevant Transaction are not supported by any Guarantee (of which Party B is aware) other than any Guarantee that is provided by a person who Party B (i) reasonably believes does not fall within any of the U.S. Person Categories and (ii) believes in good faith would not otherwise be deemed to be a "U.S. person" under the Applicable Regulatory Issuances.

For the purpose of these representations:

**"Affiliate Conduit Factors"** means the factors identified in the Applicable Regulatory Issuances.

**"Applicable Regulatory Issuances"** means (i) the final rules published in the Federal Register (79 FR 39068) by the U.S. Securities and Exchange Commission that apply to any "Security Based Swap Dealer" and any "Major Security Based Swap Participant" on 9 July 2014, as may be supplemented or amended from time to time or are otherwise designated as being applicable and (ii) the Interpretive Guidance.

**"Guarantee"** means a "Guarantee" as provided for in the Applicable Regulatory Issuances.

**"Interpretive Guidance"** means the Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations published by the U.S. Commodity Futures Trading Commission on 26 July 2013, as may be supplemented or amended from time to time or are otherwise designated as being applicable. The Interpretive Guidance is available at:

<http://www.cftc.gov/ucm/groups/public/@lrfederalregister/documents/file/2013-17958a.pdf>.

**"U.S."** means the United States, its states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, and any other territories or possessions of the



United States government, or enclave of the United States government, its agencies or instrumentalities.

**"U.S. Person Categories"** means the categories of "U.S. persons" that are provided for in the Applicable Regulatory Issuances.

Signed for and behalf of:  
on:  
by:

**Lloyds Bank plc**

(LEI: H7FNTJ4851HG0EXQ1Z70)

By:  .....

Name: C. S. Xu  
Title: Director

Signed for and behalf of:  
on:  
by:

**Paragon Mortgages (No.22) plc**

(LEI: 2138009W26UQSWX2FW97)

By: .....

Name:  
Title:

Signed for and behalf of:  
in its capacity as Trustee acting by:

**Citicorp Trustee Company Limited**

By: .....

Name:  
Title: Attorney

In the presence of: Name:  
.....

Witness Name:

Occupation:

Address:

Signed for and behalf of:  
on:  
by:

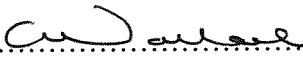
Lloyds Bank plc  
(LEI: H7FNTJ4851HG0EXQ1Z70)

By: .....

Name:  
Title:

Signed for and behalf of:  
on:  
by:

Paragon Mortgages (No.22) plc  
(LEI: 2138009W26UQSWX2FW97)

By:  .....

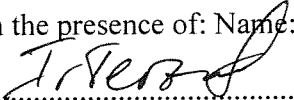
Name: Claudia Wallace  
Title: per pro SFM Directors Limited  
as Director

Signed for and behalf of:  
in its capacity as Trustee acting by:

Citicorp Trustee Company Limited

By:  .....

Name: JUSTIN NG  
Title: Attorney

In the presence of: Name:  
 .....

Witness Name: Irine Terzieva  
Occupation: Trainee Solicitor  
Address: 10 Upper Bank St  
London E14 5JJ

## APPENDIX A

### FORM OF NOVATION CERTIFICATE

To: [INSERT NAME OF ISSUER] as Party B  
[INSERT NAME OF TRUST COMPANY] as Trustee

From: [INSERT NAME OF PARTY A] as Novation Transferor  
[INSERT NAME OF NOVATION TRANSFEREE] as Novation Transferee

ISDA Master Agreement (Multicurrency – Cross Border) dated as of [●] between [INSERT NAME OF PARTY A], [INSERT NAME OF ISSUER] and [INSERT NAME OF TRUST COMPANY] in respect of the [●] Class [●] Notes (the "*Agreement*")

We refer to the Agreement. Terms defined in the Agreement are used herein as so defined, unless otherwise provided herein. This is a Novation Certificate.

With effect from and including [INSERT DATE] (the "*Novation Effective Date*"), the Novation Transferor wishes to transfer by novation to the Novation Transferee, and the Novation Transferee wishes to accept the transfer by novation of, all rights, liabilities, duties and obligations of the Novation Transferor under and in respect of the Agreement, including the Transaction thereunder, with the effect that Party B, the Trustee and the Novation Transferee will enter into the New Agreement, including the New Transaction thereunder, each having terms identical to the Agreement and the Transaction thereunder, respectively, as more particularly described below.

#### 1. **Transfer, Release, Discharge and Undertakings**

Provided that each of the provisions (1) – (5) (inclusive) in Part 5(q)(v) of the Schedule to the Agreement has been satisfied, with effect from and including the Novation Effective Date [and in consideration of the covenants given by Party B and the Trustee as set out in Part 5(q)(vi) of the Agreement [and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the Novation Transferor and the Novation Transferee)]], the Novation Transferor and the Novation Transferee (as applicable) agree for the benefit of Party B and the Trustee that:

- (i) Party B and the Trustee will be released and discharged from further obligations to the Novation Transferor with respect to the Agreement, including the Transaction thereunder, other than those obligations and liabilities with respect to payments or other obligations due and payable or due

to be performed by Party B and the Trustee on or prior to the Novation Effective Date;

- (ii) the Novation Transferor's rights against Party B and the Trustee with respect to the Agreement, including the Transaction thereunder, will be cancelled other than its rights with respect to payments or other obligations due and payable or due to be performed by Party B and the Trustee on or prior to the Novation Effective Date;
- (iii) with respect to payments or other obligations due and payable or due to be performed by the Novation Transferor on or prior to the Novation Effective Date, all such payments and obligations shall be paid or performed by the Novation Transferor in accordance with the terms of the Agreement, including the Transaction thereunder;
- (iv) the Novation Transferee will, in assuming its position under the New Agreement, including the New Transaction thereunder, which shall be identical to the position taken by the Novation Transferor under the Agreement and the Transaction thereunder respectively, undertake liabilities and obligations towards, and acquire rights against Party B and the Trustee under the New Agreement, including the New Transaction thereunder, which shall be identical to those the Novation Transferor had under the Agreement and the Transaction thereunder, save for any rights, liabilities or obligations of the Novation Transferor with respect to payments or other obligations due and payable or due to be performed on or prior to the Novation Effective Date; and
- (v) the New Transaction shall be governed by and form part of the New Agreement (which shall be evidenced by means of the Agreement as deemed to be modified to be consistent with Part 5(q)(v) and Part 5(q)(vi) of the Schedule to the Agreement and this Novation Certificate) and the Confirmation in respect of the Transaction (which, in conjunction and as deemed modified to be consistent with Part 5(q)(v) and Part 5(q)(vi) of the Schedule to the Agreement and this Novation Certificate, shall be deemed to be a Confirmation between Party B, the Trustee and the Novation Transferee).

## 2. Representations and Warranties

- (i) On the date of this Novation Certificate and on the Novation Effective Date:
  - (a) the Novation Transferor and the Novation Transferee represent to each other and to each of Party B and the Trustee those representations and warranties set forth in Section 3(a) of the ISDA Master Agreement (Multicurrency – Cross Border) as published in 1992 by the International Swaps and Derivatives Association, Inc. (the "**1992 ISDA Master Agreement**"), with references in such Section to "this Agreement" or "any Credit Support Document" being deemed references to this Novation Certificate alone.
  - (b) the Novation Transferor and the Novation Transferee each make to each of Party B and the Trustee, the representation set forth in Section 3(b) of the 1992 ISDA Master Agreement, in each case with respect to

the Agreement and the New Agreement, as the case may be, and taking into account the Novation Transferor and the Novation Transferee entering into and performing their obligations under this Novation Certificate and Parts 5(q)(v) and 5(q)(vi) (as applicable) of the Schedule to the Agreement.

(c) the Novation Transferor represents and warrants to the Novation Transferee and to each of Party B and the Trustee that:

(I) it has made no prior transfer (whether by way of security or otherwise) of the Agreement or any interest or obligation in or under the Agreement or in respect of the Transaction thereunder; and

(II) as of the Novation Effective Date, all obligations of the Transferor under the Agreement and the Transaction thereunder required to be performed on or before the Novation Effective Date have been fulfilled.

(d) the Novation Transferee represents and warrants to the Novation Transferor and to each of Party B and the Trustee that it is (i) a Moody's Eligible Replacement, and (ii) an entity whose short-term IDR is rated not less than "F1" (or its equivalent) by Fitch and its long-term IDR is rated not less than "A" (or its equivalent) by Fitch or its obligations under the New Agreement are guaranteed by an entity whose short-term IDR is then rated not less than "F1" (or its equivalent) by Fitch and whose long-term IDR is then rated not less than "A" (or its equivalent) by Fitch.

(ii) The Novation Transferor makes no representation or warranty and does not assume any responsibility with respect to the legality, validity, effectiveness, adequacy or enforceability of the New Transaction or the New Agreement or any documents relating thereto and assumes no responsibility for the condition, financial or otherwise, of Party B, the Novation Transferee, the Trustee or any other person or for the performance and observance by Party B, the Novation Transferee, the Trustee or any other person of any of its obligations under the New Transaction or the New Agreement or any document relating thereto and any and all such conditions and warranties, whether express or implied by law or otherwise, are hereby excluded.

### 3. **Administrative details of the Novation Transferee**

The administrative details of the Novation Transferee for the purposes of the New Agreement are set out in the annex to this Novation Certificate.

### 4. **Counterparts.**

This Novation Certificate may be executed in any number of counterparts, each of which when executed and delivered shall be an original, but all the counterparts shall constitute one and the same instrument.

5. **Costs and Expenses.**

Unless otherwise agreed between the Novation Transferor and the Novation Transferee, each party shall pay their own costs and expenses (including legal fees) incurred in connection with this Novation Certificate and the related novation and shall share equally any costs and expenses (including legal fees) incurred by Party B and the Security Trustee in connection with the related novation.

6. (a) **Governing Law.**

This Agreement, and any non-contractual obligations arising out of or in connection with it, shall be governed by, and construed in accordance with, English law.

(b) **Jurisdiction.**

The terms of Section 13(b) of the 1992 ISDA Master Agreement shall apply to this Novation Certificate with references in such Section to "this Agreement" being deemed references to this Novation Certificate alone.

## ANNEX

[ONLY insert details of address and other contact details for notices of communications to Novation Transferee for purposes of Section 12(a) of the New Agreement and Novation Transferee payment account details]

IN WITNESS WHEREOF the parties have executed this Novation Certificate on the respective dates specified below with effect from and including the Novation Effective Date.



**[NOVATION TRANSFEROR]**

**[NOVATION TRANSFEREE]**

.....

.....

**By:** .....

**By:** .....

Name:

Name:

Title:

Title:

Date:

Date: