

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

23 July 2015

between

- (1) **MACQUARIE BANK LIMITED ("Party A")**;
- (2) **PARAGON MORTGAGES (NO. 23) 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 apply to Party A. Where applicable, the following shall apply with respect to Section 5(a)(vi):
- (i) "**Specified Indebtedness**" shall have the meaning specified in Section 14, except that indebtedness or obligation in respect of deposits received in the ordinary course of the banking business of such party shall not constitute

Specified Indebtedness.

- (ii) "**Threshold Amount**" means, in relation to Party A, an amount equal to 3% of Party A's shareholders' equity (determined in accordance with generally accepted accounting principles in Party A's jurisdiction of incorporation or organization) as at the end of Party A's most recently completed fiscal year.
- (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

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: Macquarie Bank Limited, London Branch
28 Ropemaker Street
London EC2Y 9HD
United Kingdom

Attention: Legal Risk Management, Commodities and Financial Markets

Telephone No: +44 (0) 20 3037 2000

Facsimile No: +44 (0) 20 3037 5700

Email: for Section 5 and 6 Notices only: 'ficc.notices@macquarie.com'

with a copy to:

Address: Macquarie Bank Limited
50 Martin Place
Sydney NSW 2000
Australia

Attention: Legal Risk Management, Commodities and Financial Markets

Telephone No: +61 2 8232 3333

Facsimile No: +61 2 8232 4540

Address for notices or communications to Party B:

Address: Paragon Mortgages (No. 23) plc
51 Homer Road
Solihull
West Midlands B91 3QJ
United Kingdom

Attention: Swaps Administration, Finance Department

Facsimile No: +44 (0) 121 712 2699

Email Address: 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 will accept service of process at the London address specified in Part 4(a) above.

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 a Multibranch Party and may only act out of its London office.

Party B is not a Multibranch Party.

- (e) **Calculation Agent.** The Calculation Agent is Party A, *provided that* if Party A is a Defaulting Party, Party B may, by giving written notice to Party A, appoint a substitute Calculation Agent.

- (f) **Credit Support Document**

Details of any Credit Support Document:

In respect of Party A: Any Third Party Credit Support Document (including any Eligible Guarantee).

In respect of Party B: None.

"Third Party Credit Support Document" means any agreement or instrument (including any guarantee or equivalent) entered into pursuant to Part 5(g) (*Ratings Events*), 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, a 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 from 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.
- (k) *Email*. The parties agree that for the purposes of delivering notices under this Agreement, email shall be included as an electronic messaging system.

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.
- (i) The last sentence of the first paragraph in Section 6(e) shall be deleted and replaced with the words "Notwithstanding any other provision of this Section, if a Party (the "**Paying Party**") would, but for this sentence, be required to pay an amount pursuant to this Section, it may, by giving written notice to the other Party, cause the amount so payable to be reduced by the lesser of (i) such amount and (ii) the aggregate amount payable to the Paying Party pursuant to any demands made under Section 11 on or before the Early Termination Date."

(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 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*

- (i) Section 5(a)(ii), Section 5(a)(iii), Section 5(a)(iv), Section 5(a)(v) and Section 5(a)(vii)(2), (7) and (9) will not apply in respect of Party B.

Section 5(a)(vii)(3) will not apply in respect of Party B to any assignment, arrangement or composition in relation to Party B which is effected purely pursuant to a contractual right in the Relevant Documents.

Section 5(a)(vii)(6) will not apply in respect of Party B to the extent that it refers to (i) any appointment that is effected by or pursuant to the Relevant Documents or (ii) any appointment that Party B has not become subject to.

Section 5(a)(vii)(4) will not apply to Party B to the extent that it refers to proceedings or petitions instituted or presented by Party A or any of its Affiliates.

Section 5(a)(vii)(8) will not apply to Party B to the extent that it applies to Section 5(a)(vii)(2), (7) and (9), or to 5(a)(vii)(3), (4) and (6) as amended above.

(d) *Tax Event Upon Merger*

Section 5(b)(iii) shall apply to Party A and 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 understood by and defined in Condition 9 (*Events of Default*) of the Notes).

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

(A) The following shall constitute Additional Termination Events with respect to Party B (with Party B as the sole Affected Party):

(i) irrevocable notice is given that all classes of Notes will be redeemed in accordance with Condition 5 of the Notes. For the purpose of this Additional Termination Event: (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; or

(ii) on any Interest Payment Date (as defined in the Conditions), Party B notifies Party A that it wishes to terminate or reduce the notional amount of a Transaction to the extent of and as a consequence of redemption of the Fixed Rate Mortgages (and that Transaction shall be the Affected Transaction, and if the notional amount is being reduced, then that part of the Transaction shall be treated as an Affected Transaction); or

(iii) the Revenue Priority of Payments, Principal Priority of Payments, the Enforcement Priority of Payments or any Relevant Document is amended in a manner materially prejudicial to Party A which will adversely impact the Issuer's ability to make payments under the Affected Transactions, in each case, without Party A's written consent; or

(iv) any of the Relevant Documents become wholly void or unenforceable and such unenforceability is materially prejudicial to Party A.

(g) ***Ratings Events***

(i) **Initial Fitch Rating Event**

In the event that the long-term issuer default rating ("**IDR**") of Party A (or its successor or assignee) or any Credit Support Provider from time to time in respect of Party A ceases to be rated at least as high as "A" (or its equivalent) by Fitch Ratings Ltd ("**Fitch**") or the short-term IDR of Party A (or its

successor or assignee) or any Credit Support Provider from time to time in respect of Party A ceases to be rated at least as high as "F1" (or its equivalent) by Fitch (each 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 calendar days of (but excluding) the occurrence of such Initial Fitch Rating Event, post collateral 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 calendar days of (but excluding) the occurrence of such Initial Fitch Rating Event:
 - (I) subject to Part 5(q) 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
 - (II) procure another person to become co-obligor or guarantor in respect of the obligations of Party A under 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, provided that, in all cases, such action does not result in any requirement for deduction or withholding for or on account of any Tax; or
 - (III) 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 being maintained at, or restored to, the level at which it was immediately prior to such Initial Fitch Rating Event, provided that, in all cases, such action does not result in any requirement for deduction or withholding for or on account of any Tax.

If any of the measures described in sub-paragraphs (i)(B)(I), (i)(B)(II) or (i)(B)(III) of this Part 5(g) are satisfied at any time, all collateral (or the equivalent thereof, as appropriate) transferred by Party A pursuant to sub-paragraph (i)(A) above will be transferred to Party A, and Party A will not be required to transfer any additional collateral in respect of such Initial Fitch Rating Event.

(ii) **Subsequent Fitch Rating Event**

In the event that the long-term IDR of Party A (or its successor or assignee) or any Credit Support Provider from time to time in respect of Party A ceases to be rated at least as high as "BBB-" (or its equivalent) by Fitch or the short-term IDR of Party A (or its successor or assignee) or any Credit Support Provider from time to time in respect of Party A ceases to be rated at least as high as "F3" (or its equivalent) by Fitch (each a "**Subsequent Fitch Rating Event**") then Party A will:

- (A) at its own cost and expense, use reasonable endeavours to take any of the actions set out in subparagraphs (i)(B)(I), (i)(B)(II) or (i)(B)(III) of this Part 5(g) within 30 calendar days of (but excluding) the occurrence of such Subsequent Fitch Rating Event; and
- (B) pending taking any of the actions set out in subparagraphs (i)(B)(I), (i)(B)(II) or (i)(B)(III) of this Part 5(g), Party A will, at its own cost and expense, within 14 calendar days of (but excluding) the occurrence of the Subsequent Fitch Rating Event post collateral 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) **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 (A) 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 (B) without prejudice to the need for Party B's consent in accordance with Part 5(q) which Party A shall use commercially reasonable efforts to obtain), transfer its rights and obligations under this Agreement to a Moody's Eligible Replacement.
- (B) Party A's obligations under Part 5(g)(iii)(A) above shall cease if it takes some other action and Moody's has confirmed in writing that the substitution of such action as an alternative to performance of the actions detailed in Part 5(g)(iii)(A) will not adversely affect the then current rating assigned to the Notes by Moody's.
- (C) For the purpose 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), (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.

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

"**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.

An entity has a "**Qualifying Collateral Trigger Rating**" if its senior unsecured debt rating from Moody's is A3 or above, or its counterparty risk assessment from Moody's is A3(cr) or above.

An entity has a "**Qualifying Transfer Trigger Rating**" if its senior unsecured debt rating from Moody's is A3 or above, or its counterparty risk assessment from Moody's is A3(cr) or above.

"**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.

(iv) **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) 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 any of the measures described in Part 5(g)(i) above such failure shall not be or give rise to an Event of Default but shall constitute an Additional Termination Event with respect to Party A which shall be deemed to have occurred on the next Business Day after the thirtieth calendar day following the occurrence of such Initial Fitch Rating Event with Party A as the sole Affected Party and all Transactions as Affected Transactions.
- (C) 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 this Part 5(g) above and fails to continue to post collateral pending compliance with subparagraph (ii)(A) of this 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 Business Day after the fourteenth calendar day following such Subsequent Fitch Rating Event and the next 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.
- (D) Further, an Additional Termination Event with respect to Party A shall be deemed to have occurred, even if Party A continues to post collateral as required by subparagraph (ii)(B) of this Part 5(g) above, and notwithstanding Section 5(a)(ii), if Party A does not make reasonable efforts to take the measures described in subparagraph (ii)(A) of this Part 5(g) above. Such an Additional Termination Event will be deemed to have occurred on the next Business Day after the thirtieth calendar day following the occurrence of such Subsequent Fitch Rating Event with Party A as the sole Affected Party and all Transactions as Affected Transactions.

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

- (i) Section 3 is amended by the addition at the end thereof of the following additional representations:

- "(a) **No Agency.** Party A and Party B represent, warrant and undertake that it is entering into this Agreement and each Transaction as principal and not as agent of any person.
- (b) **Pari Passu.** Party A represents, warrants and undertakes to Party B that Party A's obligations under this Agreement rank pari passu with all of its other unsecured, unsubordinated obligations except those obligations preferred by operation of law.
- (c) Party A represents, warrants and undertakes (which representation, warranty and undertaking will be deemed to be repeated at all times until the termination or expiry of all Transactions) that in relation to each Transaction, it is not acting as agent or nominee for any other person or persons and that:
 - (a) it is resident in the United Kingdom for United Kingdom tax purposes; or
 - (b) it is resident in a jurisdiction that has a double taxation convention or treaty with the United Kingdom under which provision, whether for relief or otherwise, in relation to interest (as defined in the relevant convention or treaty) is made; or
 - (c) it has entered into the relevant Transaction solely for the purposes of a trade or part of a trade carried on by it in the United Kingdom through a branch or agency or permanent establishment and will continue so to treat the relevant Transaction".
- (ii) 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".
- (iii) The representations set out in Section 3 (as amended as aforesaid) shall (in addition to the repetitions for which provision is made in Section 3) be deemed to be repeated by each party on each day on which a payment or delivery is required to be made under Section 2(a)(i).

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

Each party consents to the recording of the telephone conversations of trading and marketing personnel of the parties. Party A agrees to obtain any necessary consent of, and give notice of such recording to, such personnel of it.

(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 or an adviser for 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 gave 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

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.

(l) ***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(l)(i) in no way intend 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(l)(i), 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, which date shall be no earlier than ten Business Days following the giving of notice, 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, 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 (other than pursuant to Section 6) (after the application of Section 2(c) to such Transaction) because of the limitation contained in Part 5(l)(i) or Part 5(l)(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 Closing Date 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.

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

Upon the occurrence of an Event of Default in respect of which Party A is the Defaulting Party or an Additional Termination Event in respect of which Party A is the Affected Party, Party B will be entitled (but not obliged in the event that it does not designate an Early Termination Date) to proceed in accordance with Section 6 of the Agreement subject to the following:

- (i) For the purposes of Section 6(d)(i), Party B's obligation with respect to the extent of information to be provided with its calculations is limited to information Party B has already received in writing which Party B is able to release without breaching the provisions of any law applicable to Party B.

- (ii) The definition of "Market Quotation" where Party B is the non-Defaulting Party or non-Affected Party shall be as set out below:

"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; and
 - (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."
- (iii) 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.
- (iv) The definition of "Settlement Amount" where Party B is the non-Defaulting Party or non-Affected Party shall be as follows:

"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."
- (v) At any time on or before the Early Termination Date at which two or more Market Quotations 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, (a) 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) 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.
- (vii) 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.
- (q) **Transfers**

Transfers by Party A:

Section 7 of this Agreement shall not apply to Party A.

Without prejudice to Section 6(b)(ii), Party A may transfer all its interest and obligations in and under this Agreement upon providing no less than five Business Days' prior written notice to the Trustee (save that where a transfer has taken place pursuant to Part 5(g) notice may be contemporaneous with transfer), to any other entity (a "**Transferee**") *provided that*:

- (i) the Transferee: (A) is a Moody's Eligible Replacement; and (B) 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;

- (ii) the Transferee contracts with Party B on terms that (x) have the same effect as the terms of this Agreement in respect of any obligations (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;
- (iii) unless either (I) such transfer is effected either (x) for the purpose of Section 6(b)(ii) or (y) at a time when an Initial Fitch Rating Event, a Subsequent Fitch Rating Event has occurred or if Party B no longer has the Qualifying Transfer Trigger Rating, or (II) the Transferee contracts with Party B either through a novation (with the Transferee assuming Party A's rights and obligations from or around the date of such novation) or on terms that are substantially identical to the terms of this Agreement (and for the avoidance of doubt, 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 are permitted), Party B has determined that the condition in (ii)(y) above is satisfied and communicated such determination to Party A in writing. Any such determination shall be made in a commercially reasonable manner, and if Party B has not communicated such determination within 20 Local Business Days of such request, it shall be deemed to have been made in favour of the proposed transfer, *provided that* such transfer is effected for the purpose of Section 6(b)(ii) or at a time when an Initial Fitch Rating Event, a Subsequent Fitch Rating Event, has occurred or if Party B no longer has the Qualifying Transfer Trigger Rating;
- (iv) as of the date of such transfer the Transferee will not, as a result of such transfer, be required to withhold or deduct any amount on account of Tax from any payments made under this Agreement (unless the Transferee is required to pay an additional amount in respect of such Tax pursuant to Section 2(d)(i)(4));
- (v) (judged as of the time of transfer) a Termination Event or an Event of Default will not immediately occur under this Agreement as a result of such transfer;
- (vi) (except where agreed otherwise by Party B) no additional amount will be payable by Party B to Party A or the Transferee on the next succeeding Interest Payment Date as a result of such transfer; and
- (vii) Party B has given its prior written consent to such transfer (such consent not to be unreasonably withheld).

Following such transfer all references to Party A shall be deemed to be references to the Transferee.

Save as otherwise provided for in this Agreement and notwithstanding Section 7, Party A shall not be permitted to transfer (by way of security or otherwise) this Agreement nor any interest or obligation in or under this Agreement without the prior

written consent of the Trustee.

Transfers by Party B:

Neither this Agreement nor any interest in or under this Agreement or any Transaction may be transferred by Party B to any other entity save with Party A's prior written consent except that such consent is not required in the case of a transfer, charge or assignment to the Trustee as contemplated in the Deed of Charge. For the avoidance of doubt, Party A hereby agrees and consents to the assignment by way of security by Party B of its interests under this Agreement to the Trustee (or any successor thereto) pursuant to and in accordance with the Deed of Charge and acknowledges notice of such assignment.

Any transfer by Party B shall be subject to the consent of the Trustee.

(r) ***Expenses***

Section 11 shall be deleted in its entirety and replaced by the following: "A Defaulting Party or an Affected Party (if such Affected Party is Party A) will, on demand, indemnify and hold harmless the other party for and against the Termination Currency Equivalent of all reasonable out-of-pocket expenses, including legal fees and Stamp Tax, incurred by such other party by reason of the enforcement and protection of its rights under this Agreement or any Credit Support Document to which such Defaulting Party or Affected Party is a party or by reason of the early termination of any Transaction, including, but not limited to, costs of collection and costs incurred in connection with procuring a replacement for this Agreement (other than any amount paid or payable to a replacement counterparty). If, following the making of one or more demands under this Section 11, a reduction is effected pursuant to the last sentence of the first paragraph in Section 6(e), the aggregate amount payable in respect of such demands shall be deemed to be discharged to the extent of the amount of such reduction."

(s) ***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.

(t) ***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.

(u) ***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.

(v) ***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.

(w) ***Change of Account***

Section 2(b) is hereby amended to read in its entirety as follows:

"Change of Account. Party A may change its account for receiving payment or delivery by giving notice to Party B at least ten Local Business Days prior to the first scheduled date for payment or delivery to which such change applies unless Party B gives timely notice of a reasonable objection to such change. Party B may change its account for receiving payment or delivery by giving notice to Party A at least ten Local Business Days prior to the first scheduled date for payment or delivery to which such change applies unless Party A gives timely notice of a reasonable objection to such change."

(x) ***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.

(y) ***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 of its intention to terminate, in whole or in part, that Transaction. 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 and the percentage of the Notional Amount thereof (the "**Relevant Transaction**") to be so terminated (the "**Terminated Portion**"), provided that the parties hereto may at any time agree that the Optional Termination Date of a Relevant Transaction 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 first Party B Interest Payment

Date falling after 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. 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 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 paragraph(s) 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 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.

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 agreed by the parties hereto. 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 mid-market value in Sterling (to Party B) of a transaction on substantially the same terms as the Terminated Portion of the Relevant Transaction commencing on the Optional Termination Date. 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 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 means of the remaining quotes.

(z) ***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.

(aa) ***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 B agrees to use reasonable endeavours to cooperate with Party A to determine the terms of, and to execute, such amended and restated Agreement,

where:

"**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.

(bb) ***Portfolio Reconciliation.***

Party A and Party B agree that, with effect from the date of this Agreement, the terms of the ISDA 2013 EMIR Portfolio Reconciliation, Dispute Resolution and Disclosure Protocol ("**EMIR Port Rec Protocol**"), as published by the International Swaps and Derivatives Association, Inc., shall apply to this Agreement as if Party A and Party B had adhered to the EMIR Port Rec Protocol and the Agreement was a Covered Master Agreement, with (1) Party A adhering as a Portfolio Data Sending Entity and a party that may use a Third Party Service Provider, with London specified as the location for its Local Business Days for the purposes of the EMIR Port Rec Protocol, and Portfolio Data, Notice of a discrepancy, and Dispute Notices sent to COGMODEMIR@Macquarie.com (as may be updated from time to time); and (2)

Party B adhering as a Portfolio Data Receiving Entity with London specified as the location for its Local Business Days for the purposes of the EMIR Port Rec Protocol, and Portfolio Data, Notice of a discrepancy, and Dispute Notices sent to the details provided in Part 4(a) of the Agreement. For the avoidance of doubt, the Trustee is not and shall not be under any obligation in connection with the application of the EMIR Port Rec Protocol between Party A and Party B and all references therein to "the parties" and similar expressions shall be to Party A and Party B.

(cc) ***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(cc)(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.

For the purposes of this Part 5(cc):

"NFC-" means an entity that is (A) a non-financial counterparty (as such term is defined in 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 ("**EMIR**")); and (B) not subject to a clearing obligation pursuant to EMIR in respect of such Transaction.

- (dd) ***ISDA 2013 Reporting Protocol.*** Party A and Party B agree that, with effect from the date of this Agreement, the terms set out in the attachment to the ISDA 2013 Reporting Protocol as published by the International Swaps and Derivatives Association (the "**Reporting Protocol**") shall apply to this Agreement as if Party A and Party B had adhered to the Reporting Protocol. In respect of the attachment to the Reporting Protocol, (i) references to "Protocol Covered Agreement" shall be deemed to be references to this Agreement and (ii) references to "Implementation Date" shall be deemed to be references to the date of this Agreement.

(ee) ***Withholding Tax imposed on payments to non-US counterparties under the United States Foreign Account Tax Compliance Act.***

- (A) "Tax" as used in Part 2(a) of this Schedule (*Payer Tax Representation*) and "Indemnifiable Tax" as defined in Section 14 of this Agreement shall not include any U.S. federal withholding tax imposed or collected pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (a "**FATCA**")

Withholding Tax"). For the avoidance of doubt, a FATCA Withholding Tax is a Tax the deduction or withholding of which is required by applicable law for the purposes of Section 2(d) of this Agreement.

- (B) Each party (other than the Trustee) agrees that it can disclose information about the other party (other than the Trustee) and any Transaction entered into under this Agreement to any government or taxing authority if so required by Sections 1471 through 1474 of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code, and each party (other than the Trustee) irrevocably waives, to the extent possible, any applicable law which prevents such disclosure about the other party (other than the Trustee) and any Transaction entered into under this Agreement.
- (C) If Party A and Party B have entered into an English Law ISDA Credit Support Annex (Bilateral Form – Transfer) in connection with this Agreement, the following shall be added at the end of the definition of "Distributions" in such document:

"If amounts constituting Distributions would, if the Transferor were the holder of the related Eligible Credit Support at all relevant times, be required to be paid to the Transferor subject to a FATCA Withholding Tax (as defined in the Agreement, as amended from time to time), then references to such Distributions shall be deemed to be to the net amounts which would be received by the Transferor after the application of such FATCA Withholding Tax. If amounts constituting Distributions would, if the Transferor were the holder of the related Eligible Credit Support at all relevant times, not be required to be paid to the Transferor subject to a FATCA Withholding Tax, all Distributions shall be gross amounts determined without regard to any FATCA Withholding Tax."

Signed in London, POA #1721
(executed 9 October 2014)

Signed for and behalf of:
on:
by:

Macquarie Bank Limited

(LEI: 4ZHCHI4KYZG2WVRT8631)

By:  **Lisa Knowles**
Division Director

Name: **Gianfranco Simionato**
Title: **Executive Director**

Signed for and behalf of:
on:
by:

Paragon Mortgages (No. 23) PLC

(LEI: 2138003AC2EJTGRRR184)

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:

Macquarie Bank Limited

(LEI: 4ZHCHI4KYZG2WVRT8631)

By:

Name:
Title:

Signed for and behalf of:
on:
by:

Paragon Mortgages (No. 23) PLC

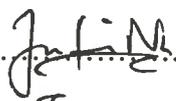
(LEI: 2138003AC2EJTGRRR184)

By: 

Name: **Jennifer Jones**
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: *Olivia van Walleyhem*

Occupation: *Paralegal*

Address:

Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ