

## IMPORTANT NOTICE

**NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE U.S.**

**IMPORTANT: YOU MUST READ THE FOLLOWING BEFORE CONTINUING.** THE FOLLOWING APPLIES TO THE PROSPECTUS FOLLOWING THIS PAGE, AND YOU ARE THEREFORE ADVISED TO READ THIS CAREFULLY BEFORE READING, ACCESSING OR MAKING ANY OTHER USE OF THE PROSPECTUS. IN ACCESSING THE PROSPECTUS, YOU AGREE TO BE BOUND BY THE FOLLOWING TERMS AND CONDITIONS, INCLUDING ANY MODIFICATIONS TO THEM ANY TIME YOU RECEIVE ANY INFORMATION FROM US AS A RESULT OF SUCH ACCESS.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE SECURITIES OF THE ISSUER IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

EXCEPT WITH THE PRIOR WRITTEN CONSENT OF THE SELLER (A "**U.S. RISK RETENTION CONSENT**") AND WHERE SUCH SALE FALLS WITHIN THE EXEMPTION PROVIDED BY SECTION 20 OF THE FINAL RULES PROMULGATED UNDER SECTION 15G OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE "**U.S. RISK RETENTION RULES**"), THE NOTES AND THE RESIDUAL CERTIFICATES OFFERED AND SOLD BY THE ISSUER MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY "U.S. PERSON" AS DEFINED IN THE U.S. RISK RETENTION RULES ("**RISK RETENTION U.S. PERSONS**"). PROSPECTIVE INVESTORS SHOULD NOTE THAT THE DEFINITION OF "U.S. PERSON" IN THE U.S. RISK RETENTION RULES IS SUBSTANTIALLY SIMILAR TO, BUT NOT IDENTICAL TO, THE DEFINITION OF "U.S. PERSON" IN REGULATION S. EACH PURCHASER OF THE NOTES, THE RESIDUAL CERTIFICATES OR A BENEFICIAL INTEREST THEREIN ACQUIRED IN THE INITIAL SYNDICATION OF THE NOTES OR RESIDUAL CERTIFICATES BY ITS ACQUISITION OF THE NOTES, THE RESIDUAL CERTIFICATE OR A BENEFICIAL INTEREST THEREIN, WILL BE DEEMED TO HAVE MADE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT (1) EITHER (i) IS NOT A RISK RETENTION U.S. PERSON OR (ii) IT HAS OBTAINED A U.S. RISK RETENTION CONSENT FROM THE SELLER, (2) IS ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE, AND (3) IS NOT ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES (INCLUDING ACQUIRING SUCH NOTE THROUGH A NON-RISK RETENTION U.S. PERSON, RATHER THAN A RISK RETENTION U.S. PERSON, AS PART OF A SCHEME TO EVADE THE 10 PER CENT. RISK RETENTION U.S. PERSON LIMITATION IN THE EXEMPTION PROVIDED FOR IN SECTION 20 OF THE U.S. RISK RETENTION RULES).

THE FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN

A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

THIS PROSPECTUS HAS BEEN DELIVERED TO YOU ON THE BASIS THAT YOU ARE A PERSON INTO WHOSE POSSESSION THIS PROSPECTUS MAY BE LAWFULLY DELIVERED IN ACCORDANCE WITH THE LAWS OF THE JURISDICTION IN WHICH YOU ARE LOCATED. BY ACCESSING THE PROSPECTUS, YOU SHALL BE DEEMED TO HAVE CONFIRMED AND REPRESENTED TO US THAT (A) YOU HAVE UNDERSTOOD AND AGREE TO THE TERMS SET OUT HEREIN, (B) YOU CONSENT TO DELIVERY OF THE PROSPECTUS BY ELECTRONIC TRANSMISSION, (C) YOU ARE NOT A U.S. PERSON (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT) OR ACTING FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON AND THE ELECTRONIC MAIL ADDRESS THAT YOU HAVE GIVEN TO US AND TO WHICH THIS EMAIL HAS BEEN DELIVERED IS NOT LOCATED IN THE UNITED STATES, ITS TERRITORIES AND POSSESSIONS (INCLUDING PUERTO RICO, THE U.S. VIRGIN ISLANDS, GUAM, AMERICAN SAMOA, WAKE ISLAND AND THE NORTHERN MARIANA ISLANDS) OR THE DISTRICT OF COLUMBIA AND (D) IF YOU ARE A PERSON IN THE UNITED KINGDOM, THEN YOU ARE A PERSON WHO (I) HAS PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS OR (II) IS A HIGH NET WORTH ENTITY FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE FINANCIAL SERVICES AND MARKETS ACT (FINANCIAL PROMOTION) ORDER 2005.

This Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of CMF 2020-1 plc (the "**Issuer**"), Broadlands Finance Limited ("**Broadlands**"), Lloyds Bank Corporate Markets plc, Merrill Lynch International nor any person who controls any such person nor any director, officer, employee or agent of any such person or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from Lloyds Bank Corporate Markets plc or Merrill Lynch International.

## CMF 2020-1 PLC

(Incorporated in England and Wales with limited liability, registered number 12296835)

LEI: 6354005IDWW8PQJAHB37

Class of Notes	Initial Principal Amount	Issue Price	Reference Rate	Margin (payable up to and including the Optional Redemption Date)	Step-Up Margin (payable after the Optional Redemption Date)	Ratings (Fitch/Moody's)	Final Maturity Date
Class A Notes	£301,722,000	100%	Compounded Daily SONIA	0.600% per annum	0.900% per annum	AAAsf/ Aaa(sf)	The Interest Payment Date falling in January 2057
Class B Notes	£9,893,000	100%	Compounded Daily SONIA	1.000% per annum	1.500% per annum	AA+sf/ Aa2(sf)	The Interest Payment Date falling in January 2057
Class C Notes	£8,244,000	100%	Compounded Daily SONIA	1.250% per annum	1.875% per annum	A+sf/ Aa3(sf)	The Interest Payment Date falling in January 2057
Class D Notes	£8,244,000	100%	Compounded Daily SONIA	1.600% per annum	2.400% per annum	BBB+sf/ Baa1(sf)	The Interest Payment Date falling in January 2057
Class E Notes	£1,649,000	100%	Compounded Daily SONIA	2.440% per annum	3.440% per annum	BBB-sf/ Ba1(sf)	The Interest Payment Date falling in January 2057
Class X Notes	£6,595,000	100%	Compounded Daily SONIA	2.240% per annum	2.240% per annum	BB+sf / Baa2(sf)	The Interest Payment Date falling in January 2057
RC1 Residual Certificates	N/A	N/A	N/A	N/A	N/A	N/A	N/A
RC2 Residual Certificates	N/A	N/A	N/A	N/A	N/A	N/A	N/A

The Optional Redemption Date is the Interest Payment Date falling in March 2024.

From the Collection Period Start Date immediately preceding the Optional Redemption Date, the Option Holder has the right to exercise the Call Option in relation to the Portfolio, which would result in an early redemption of the Collateralised Notes.

ARRANGER

**LLOYDS BANK CORPORATE MARKETS PLC**

JOINT LEAD MANAGERS

**BOFA SECURITIES<sup>1</sup>**

**LLOYDS BANK CORPORATE MARKETS PLC**

The date of this Prospectus is 25 February 2020

<sup>1</sup> BofA Securities means Merrill Lynch International

<b>Issue Date</b>	The Issuer will issue the Notes in the classes set out above and the Residual Certificates on or about 26 February 2020 (the " <b>Closing Date</b> ").
<b>Standalone/ programme issuance</b>	Standalone issuance.
<b>Listing</b>	<p>This document comprises a prospectus (the "<b>Prospectus</b>") for the purposes of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the "<b>Prospectus Regulation</b>").</p> <p>This Prospectus has been approved by the Central Bank of Ireland as the competent authority under the Prospectus Regulation. The Central Bank of Ireland only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the quality of the Issuer or the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities. Such approval relates to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes (together, the "<b>Collateralised Notes</b>") and the Class X Notes (together with the Collateralised Notes, the "<b>Notes</b>") which are to be admitted to trading on a regulated market for the purposes of Directive 2014/65/EU (as amended "<b>MIFID II</b>") and/or which are to be offered to the public in any Member State of the European Economic Area (which for these purposes, includes the United Kingdom). Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin ("<b>Euronext Dublin</b>") for the Notes to be admitted to the official list (the "<b>Official List</b>") and trading on its regulated market (the "<b>Regulated Market</b>"). Euronext Dublin's Regulated Market is a regulated market for the purposes of MIFID II.</p> <p>The Prospectus is valid for 12 months from its date. The obligation to supplement this Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply, once the Notes are admitted to the Official List and trading on the Regulated Market.</p>
<b>Underlying Assets</b>	<p>The Issuer will make payments on the Notes from, <i>inter alia</i>, payments of principal and revenue received from a portfolio comprising mortgage loans and their related security originated by Charter Court Financial Services Limited ("<b>CCFS</b>", the "<b>Legal Title Holder</b>", the "<b>Original Seller</b>" and the "<b>Originator</b>") under its trading name of Precise Mortgages ("<b>Precise</b>") and acquired by Broadlands and secured over residential properties located in England, Wales and Scotland and sold by Broadlands (in its capacity as the seller, the "<b>Seller</b>") to the Issuer on the Closing Date. The Issuer confirms that the assets backing the issue of the Notes and the Notes are not part of a re-securitisation.</p> <p>See the sections entitled "<i>Transaction Overview – Portfolio and Servicing</i>", "<i>The Loans</i>" and "<i>Characteristics of the Provisional Portfolio</i>" for further details.</p>
<b>Credit Enhancement</b>	<p>Credit enhancement of the Notes is provided in the following manner:</p> <ul style="list-style-type: none"> <li>• in relation to any Class of Collateralised Notes, the relevant overcollateralisation funded by Notes ranking junior to such Class of Notes in the Priority of Payments;</li> </ul>

- the amount by which Available Revenue Receipts exceed the amounts required to pay interest on the relevant Class of Notes in accordance with the Pre-Enforcement Revenue Priority of Payments and all other amounts ranking in priority thereto; and
- following service of an Enforcement Notice, in respect of all Notes all amounts credited to the Class A and Class B Liquidity Reserve Fund Ledger and the General Reserve Fund Ledger, subject to application in accordance with the Post-Enforcement Priority of Payments.

See the sections entitled "*Transaction Overview – Credit Structure and Cashflow*" and "*Credit Structure*" for further details. In relation to the General Reserve Fund Excess Amount, see the section entitled "*Credit Structure – General Reserve Fund and General Reserve Fund Ledger*" for further details.

## **Liquidity Support**

Liquidity support for the Notes is provided in the following manner:

- the subordination in payment of those Classes of Notes ranking junior in the relevant Priority of Payments and the Residual Certificates;
- in respect of the Collateralised Notes only, the Principal Addition Amounts (subject to the limitations set out in the definition of Senior Expenses Deficit);
- in respect of the Class A Notes and the Class B Notes only, all amounts standing to the credit of the Class A and Class B Liquidity Reserve Fund (subject to the limitations set out in the definition of Class A and Class B Liquidity Deficit); and
- in respect of the Collateralised Notes only, all amounts standing to the credit of the General Reserve Fund (subject to the limitations set out in the definition of Revenue Deficit).

See the sections entitled "*Transaction Overview – Credit Structure and Cashflow*" and "*Credit Structure*" for further details. In relation to the General Reserve Fund, see the section entitled "*Credit Structure – General Reserve Fund and General Reserve Fund Ledger*" for further details. In relation to the Class A and Class B Liquidity Reserve Fund, see the section entitled "*Credit Structure – Class A and Class B Liquidity Reserve Fund and Class A and Class B Liquidity Reserve Fund Ledger*".

## **Redemption Provisions**

Information on any mandatory redemption of the Notes is summarised on page 64 ("*Transaction Overview – Summary of the Terms and Conditions of the Notes*") and set out in full in Condition 8 (*Redemption*) of the terms and conditions of the Notes (the "**Conditions**").

## **Benchmarks Regulation**

Interest payable on the Notes is calculated by reference to the Sterling Overnight Index Average ("**SONIA**"). As at the date of this prospectus, the administrator of SONIA is not included in ESMA's register of administrators under Article 36 of the Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**"). The Bank of England, as administrator of SONIA, is exempt under Article 2 of the Benchmarks Regulation but has issued a statement of compliance with the principles for financial benchmarks issued in 2013 by the International Organisation of Securities Commissions.

<b>Credit Rating Agencies</b>	Fitch Ratings Ltd. (" <b>Fitch</b> "), and Moody's Investors Service Limited (" <b>Moody's</b> ") (each a " <b>Rating Agency</b> " and together, the " <b>Rating Agencies</b> "). As of the date of this prospectus (the " <b>Prospectus</b> "), each of the Rating Agencies is a credit rating agency established in the European Union (the " <b>EU</b> ") and is registered under Regulation (EU) No 1060/2009 (as amended) (the " <b>CRA Regulation</b> "). As such each of the Rating Agencies is included on the list of credit rating agencies published by the European Securities and Markets Authority (ESMA) on its website (at <a href="http://www.esma.europa.eu/page/list-registered-and-certified-CRAs">www.esma.europa.eu/page/list-registered-and-certified-CRAs</a> )
<b>Credit Ratings</b>	<p>The ratings assigned to the Notes by both Fitch and Moody's address, <i>inter alia</i> (a) the likelihood of full and timely payment to the holders of the Class A Notes, the Class B Notes and, if no Class A Notes or Class B Notes remain outstanding, the Most Senior Class of Notes, of all payments of interest on each Interest Payment Date and (b) the likelihood of ultimate payment to the Noteholders of principal in relation to the Notes on or prior to the Final Maturity Date. The ratings assigned to the Notes by Moody's also address, <i>inter alia</i>, the expected loss to a Noteholder in proportion to the Principal Amount Outstanding on the Closing Date of the Class of Notes held by such Noteholder on the Final Maturity Date.</p> <p>Ratings are expected to be assigned to each class of Notes on or before the Closing Date. The assignment of a rating to each class of Notes by any Rating Agency is not a recommendation to invest in the Notes or to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning Rating Agency.</p> <p>The Residual Certificates will not be rated.</p>
<b>Obligations</b>	The Notes and the Residual Certificates will be obligations of the Issuer alone and will not be guaranteed by, or be the responsibility of, any other entity named in the Prospectus.
<b>Risk Retention Undertaking</b>	<p>On the Closing Date, CCFS will retain on an ongoing basis a material net economic interest of not less than 5 per cent. in the securitisation as required by Article 6(1) of Regulation (EU) 2017/2402 (together with any implementing regulation, technical standards and official guidance related thereto, in each case as amended, varied or substituted from time to time) (the "<b>Securitisation Regulation</b>") (which does not take into account any corresponding national measures). As at the Closing Date, such interest will comprise retention of randomly selected exposures equivalent to no less than 5 per cent. of the nominal value of the securitised exposures, where such exposures would otherwise have been securitised in the transaction affected by the Issuer in accordance with Article 6(3)(c) of the Securitisation Regulation. See the section entitled "<i>Certain Regulatory Disclosures</i>" for further information.</p> <p>The Seller, as the sponsor under the U.S. Risk Retention Rules, does not intend to retain at least 5 per cent. of the credit risk of the securitized assets for purposes of compliance with the final rules promulgated under Section 15G of the Securities Exchange Act of 1934, as amended (the "<b>U.S. Risk Retention Rules</b>"), but rather intends to rely on an exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. See the section entitled "<i>Risk Factors – U.S. Risk Retention Requirements</i>".</p>
<b>Simple, Transparent and</b>	CCFS will, on or about the date of this Prospectus, submit a notification to the European Securities and Markets Association (" <b>ESMA</b> "), in accordance with Article 27 of the Securitisation Regulation, confirming that the requirements of Articles 19 to

**Standardised  
(STS)  
Securitisation**

22 of the Securitisation Regulation have been satisfied with respect to the Notes (such notification, the "**STS Notification**"). In relation to the STS Notification, CCFS is the first contact point for investors and competent authorities.

The STS Notification, once notified to ESMA, will be available for download on the ESMA STS Register website at <https://www.esma.europa.eu/policy-activities/securitisation/> (or its successor website, the "**ESMA STS Register website**"). For the avoidance of doubt, the ESMA STS Register website and the contents thereof do not form part of this Prospectus.

The STS status of the Notes is not static and investors should verify the current status on the ESMA STS Register website, which will be updated where the Notes are no longer considered to be STS following a decision of competent authorities or a notification by CCFS.

CCFS has obtained an STS Assessment from the authorised verification agent (the Authorised Verification Agent) authorised under Article 28 of the Securitisation Regulation in connection with the STS verification and to prepare an assessment of compliance of the Notes with the relevant provision of Article 243 of the CRR and Article 13 of the Commission Delegated Regulation (EU) 2018/1620 (the "**LCR Regulation**") (together the "**STS Assessment**"). It is expected that the STS Assessment prepared by the Authorised Verification Agent, together with detailed explanations of its scope, will be available on the website of such agent (being Prime Collateralised Securities (PCS) UK Limited) at <https://www.pcsmarket.org/sts-verification-ransactions/>, together with detailed explanations of its scope at <https://www.pcsmarket.org/disclaimer/> on and from the Closing Date.

**The Volcker  
Rule**

The Issuer is of the view that it is not now, and immediately after giving effect to the offering and sale of the Notes and the application of the proceeds thereof on the Closing Date will not be, a "covered fund" (together with such implementing regulations) for purposes of regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended (commonly known as the "**Volcker Rule**"). In reaching this conclusion, although other statutory or regulatory exclusions and/or exemptions under the Investment Company Act of 1940, as amended (the "**Investment Company Act**") and under the Volcker Rule and its related regulations may be available, the Issuer has relied on the determination that it would satisfy all of the elements of the exemption from the definition of "investment company" under the Investment Company Act provided by Section 3(c)(5) thereunder, and, accordingly, may rely on the exemption from the definition of a "covered fund" under the Volcker Rule made available to certain issuers that do not rely solely on Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act for their exemption from registration under the Investment Company Act. However, the general effects of the Volcker Rule remain uncertain. Any prospective investor in the Notes or Residual Certificates, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisers regarding such matters and other effects of the Volcker Rule. See the section entitled "*Risk Factors – Effects of the Volcker Rule on the Issuer*".

**ERISA  
Considerations**

The Notes may not be purchased or held by any "employee benefit plan" as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), which is subject thereto, or any "plan" as defined in Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") to which Section 4975 of the Code applies, or by any person any of the assets of which are, or are deemed for purposes of ERISA or Section 4975 of the Code to be, assets of such an "employee benefit plan" or "plan", or by any governmental, church or non-U.S. plan

which is subject to any state, local, other federal law of the United States or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code ("**Similar Law**"), and each purchaser of the Notes will be deemed to have represented, warranted and agreed that it is not, and for so long as it holds the Notes will not be, such an "employee benefit plan", "plan", person or governmental, church or non-U.S. plan subject to Similar Law.

**Residual  
Certificates**

In addition to the Notes, the Issuer will issue the Residual Certificates on the Closing Date. The Residual Certificates represent the right to receive deferred consideration for the purchase of the Portfolio (consisting of the RC1 Payments and the RC2 Payments). See the section entitled "*Terms and Conditions of the Residual Certificates*" for further details.

**THE "*RISK FACTORS*" SECTION CONTAINS DETAILS OF CERTAIN RISKS AND OTHER FACTORS THAT SHOULD BE GIVEN PARTICULAR CONSIDERATION BEFORE INVESTING IN THE NOTES. PROSPECTIVE INVESTORS SHOULD BE AWARE OF THE ISSUES SUMMARISED IN THE SECTION.**



## IMPORTANT NOTICE

**THE NOTES AND THE RESIDUAL CERTIFICATES WILL BE OBLIGATIONS OF THE ISSUER ONLY. NEITHER THE NOTES NOR THE RESIDUAL CERTIFICATES WILL BE OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY PERSON OTHER THAN THE ISSUER. IN PARTICULAR, NEITHER THE NOTES NOR THE RESIDUAL CERTIFICATES WILL BE OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY OF THE LEGAL TITLE HOLDER, THE SELLER, THE SWAP PROVIDER, THE ARRANGER, THE JOINT LEAD MANAGERS, THE SERVICER, THE CASH MANAGER, THE ISSUER ACCOUNT BANK, THE COLLECTION ACCOUNT BANK, HOLDINGS, THE CORPORATE SERVICES PROVIDER, THE BACK-UP SERVICER FACILITATOR, THE AGENT BANK, THE REGISTRAR, THE NOTE TRUSTEE, THE SECURITY TRUSTEE (EACH AS DEFINED HEREIN), ANY COMPANY IN THE SAME GROUP OF COMPANIES AS ANY SUCH ENTITIES OR ANY OTHER PARTY TO THE TRANSACTION DOCUMENTS (TOGETHER, THE "RELEVANT PARTIES"). NO LIABILITY WHATSOEVER IN RESPECT OF ANY FAILURE BY THE ISSUER TO PAY ANY AMOUNT DUE UNDER THE NOTES OR THE RESIDUAL CERTIFICATES SHALL BE ACCEPTED BY ANY OF THE RELEVANT PARTIES OR BY ANY PERSON OTHER THAN THE ISSUER.**

The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class X Notes will each be represented on issue by a global note certificate in registered form (a "**Global Note**"). The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class X Notes may be issued in definitive registered form under certain circumstances.

The RC1 Residual Certificates and the RC2 Residual Certificates will each be represented on issue by a global residual certificate in registered form (a "**Global Residual Certificate**"). The RC1 Residual Certificates and the RC2 Residual Certificates may be issued in definitive registered form under certain circumstances.

THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OF, OR AN INVITATION BY OR ON BEHALF OF, THE ISSUER OR ANY RELEVANT PARTY TO SUBSCRIBE FOR OR PURCHASE ANY OF THE RESIDUAL CERTIFICATES, AND NONE OF THE ISSUER OR ANY OF THE RELEVANT PARTIES MAKE ANY REPRESENTATION, WARRANTY OR OTHER ASSURANCE, EXPRESSED OR IMPLIED, TO ANY INVESTOR IN THE RESIDUAL CERTIFICATES (AND NOTHING CONTAINED HEREIN IS, OR SHALL BE RELIED UPON AS A REPRESENTATION, WHETHER AS TO THE PAST, THE PRESENT OR THE FUTURE).

THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING OF THE NOTES IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. NO REPRESENTATION IS MADE BY THE ISSUER OR BY ANY RELEVANT PARTY THAT THIS PROSPECTUS MAY BE LAWFULLY DISTRIBUTED, OR THAT THE NOTES MAY BE LAWFULLY OFFERED, IN COMPLIANCE WITH ANY APPLICABLE REGISTRATION OR OTHER REQUIREMENTS IN ANY SUCH JURISDICTION, OR PURSUANT TO AN EXEMPTION AVAILABLE THEREUNDER, AND NONE OF THEM ASSUMES ANY RESPONSIBILITY FOR FACILITATING ANY SUCH DISTRIBUTION OR OFFERING. IN PARTICULAR, SAVE FOR OBTAINING THE APPROVAL OF THIS PROSPECTUS AS A PROSPECTUS FOR THE PURPOSES OF THE PROSPECTUS REGULATION BY THE CENTRAL BANK OF IRELAND, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER OR BY ANY RELEVANT PARTY WHICH WOULD PERMIT A PUBLIC OFFERING OF THE NOTES OR DISTRIBUTION OF THIS PROSPECTUS IN ANY JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, THE NOTES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS PROSPECTUS NOR ANY ADVERTISEMENT OR

OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED, IN ANY JURISDICTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS COMES ARE REQUIRED BY THE ISSUER, THE ARRANGER AND THE JOINT LEAD MANAGERS TO INFORM THEMSELVES ABOUT AND TO OBSERVE ANY SUCH RESTRICTIONS.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) ("**U.S. PERSONS**") EXCEPT PURSUANT TO AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON REALES OR TRANSFERS, SEE "*TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS*".

EXCEPT WITH THE PRIOR WRITTEN CONSENT OF THE SELLER (A "**U.S. RISK RETENTION CONSENT**") AND WHERE SUCH SALE FALLS WITHIN THE EXEMPTION PROVIDED BY SECTION 20 OF THE FINAL RULES PROMULGATED UNDER SECTION 15G OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE "**U.S. RISK RETENTION RULES**"), THE NOTES AND THE RESIDUAL CERTIFICATES OFFERED AND SOLD BY THE ISSUER MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY "U.S. PERSON" AS DEFINED IN THE U.S. RISK RETENTION RULES ("**RISK RETENTION U.S. PERSONS**"). PROSPECTIVE INVESTORS SHOULD NOTE THAT THE DEFINITION OF "U.S. PERSON" IN THE U.S. RISK RETENTION RULES IS SUBSTANTIALLY SIMILAR TO, BUT NOT IDENTICAL TO, FROM THE DEFINITION OF "U.S. PERSON" IN REGULATION S. EACH PURCHASER OF THE NOTES, THE RESIDUAL CERTIFICATES OR A BENEFICIAL INTEREST THEREIN ACQUIRED IN THE INITIAL SYNDICATION OF THE NOTES OR THE RESIDUAL CERTIFICATES, BY ITS ACQUISITION OF THE NOTES, THE RESIDUAL CERTIFICATES OR A BENEFICIAL INTEREST THEREIN WILL BE DEEMED TO HAVE MADE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT (1) EITHER (i) IS NOT A RISK RETENTION U.S. PERSON OR (ii) IT HAS OBTAINED A U.S. RISK RETENTION CONSENT FROM THE SELLER, (2) IS ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE, AND (3) IS NOT ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES (INCLUDING ACQUIRING SUCH NOTE THROUGH A NON-RISK RETENTION U.S. PERSON, RATHER THAN A RISK RETENTION U.S. PERSON, AS PART OF A SCHEME TO EVADE THE 10 PER CENT. RISK RETENTION U.S. PERSON LIMITATION IN THE EXEMPTION PROVIDED FOR IN SECTION 20 OF THE U.S. RISK RETENTION RULES).

Each initial and subsequent purchaser of the Notes will be deemed by its acceptance of such Notes to have made certain acknowledgements, representations and agreements intended to restrict the resale or other transfer of the Notes as set out in the Subscription Agreement and described in this Prospectus and, in connection therewith, may be required to provide confirmation of its compliance with such resale and other transfer restrictions in certain cases. See "*Transfer Restrictions and Investor Representations*".

None of the Issuer nor any Relevant Party makes any representation to any prospective investor or purchaser of the Notes regarding the legality of investment therein by such prospective investor or purchaser under applicable legal investment or similar laws or regulations.

**MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET** – Solely for the purposes of each manufacturer's product approval process, the

target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

**PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of MiFID II; (ii) a customer within the meaning of Directive 2016/97/EC (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. Any information sourced from third parties contained in this Prospectus has been accurately reproduced (and is clearly sourced where it appears in this Prospectus) and, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Broadlands accepts responsibility for the information set out in the sections headed "*The Seller*", "*The Loans*", "*Characteristics of the Provisional Portfolio*" and "*Characteristics of the United Kingdom Residential Mortgage Market*". To the best of the knowledge of Broadlands, the information contained in the sections referred to in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Broadlands as to the accuracy or completeness of any information contained in this Prospectus (other than in the sections referred to above and not specifically excluded therein) or any other information supplied in connection with the Notes or their distribution.

Charter Mortgages Limited ("**CML**") accepts responsibility for the information set out in the section headed "*The Servicer*" and the paragraph 7 in the section entitled "*Certain Regulatory Disclosures*". To the best of the knowledge of CML, the information contained in the section referred to in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by CML as to the accuracy or completeness of any information contained in this Prospectus (other than in the sections referred to above) or any other information supplied in connection with the Notes or their distribution.

CCFS accepts responsibility for the information set out in the section headed "*The Legal Title Holder and the Original Seller*". To the best of the knowledge of CCFS, the information contained in the section referred to in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by CCFS as to the accuracy or

completeness of any information contained in this Prospectus (other than in the section referred to above) or any other information supplied in connection with the Notes or their distribution.

The Cash Manager accepts responsibility for the information set out in the section headed "*The Cash Manager*". To the best of the knowledge of the Cash Manager, the information contained in the section referred to in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Cash Manager as to the accuracy or completeness of any information contained in this Prospectus (other than in the section referred to above) or any other information supplied in connection with the Notes or their distribution.

The Issuer Account Bank accepts responsibility for the information set out in the section headed "*Issuer Account Bank*". To the best of the knowledge of the Issuer Account Bank, the information contained in the section referred to in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Issuer Account Bank as to the accuracy or completeness of any information contained in this Prospectus (other than in the section referred to above) or any other information supplied in connection with the Notes or their distribution.

The Collection Account Bank accepts responsibility for the information set out in the section headed "*The Collection Account Bank*". To the best of the knowledge of the Collection Account Bank, the information contained in the section referred to in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Collection Account Bank as to the accuracy or completeness of any information contained in this Prospectus (other than in the section referred to above) or any other information supplied in connection with the Notes or their distribution.

Each of the Note Trustee and the Security Trustee accepts responsibility for the information set out in the section headed "*The Note Trustee and Security Trustee*". To the best of the knowledge of the Note Trustee and the Security Trustee, the information contained in the section referred to in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Note Trustee or the Security Trustee as to the accuracy or completeness of any information contained in this Prospectus (other than in the section referred to above) or any other information supplied in connection with the Notes or their distribution.

The Swap Provider accepts responsibility for the information set out in the section headed "*The Swap Provider*". To the best of the knowledge of the Swap Provider, the information contained in the section referred to in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Swap Provider as to the accuracy or completeness of any information contained in this Prospectus (other than in the section referred to above) or any other information supplied in connection with the Notes or their distribution.

The Corporate Services Provider and Back-Up Servicer Facilitator accept responsibility for the information set out in the section headed "*The Corporate Services Provider and Back-Up Servicer Facilitator*". To the best of the knowledge of the Corporate Services Provider, the information contained in the section referred to in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Corporate Services Provider as to the accuracy or completeness of any information contained in this Prospectus (other than in the section referred to above) or any other information supplied in connection with the Notes or their distribution.

None of the Arranger, the Joint Lead Managers, the Note Trustee, the Security Trustee, the Cash Manager or the "**Agents**" (being the Paying Agents, the Agent Bank and the Registrar) provides any assurances regarding, or assumes responsibility for, compliance of the Issuer, the Seller, the Originator, the Retention Holder, the Servicer or any other party with requirements of the Securitisation Regulation by the Issuer, the Seller, the Originator, the Retention Holder, the Servicer or any other Transaction Party. Furthermore, none of the Arranger nor the Joint Lead Managers provides any assurance that the securitisation transaction described in this Prospectus does or will continue to qualify as an STS securitisation under the Securitisation Regulation as at the date of this Prospectus or at any point in time in the future.

No person is authorised to give any information or to make any representation in connection with the offering or sale of the Notes other than those contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Seller, the Note Trustee or the Security Trustee, the Arranger, the Joint Lead Managers or any of their respective affiliates or advisers. Neither the delivery of this Prospectus nor any sale or allotment made in connection with the offering of the Notes shall, under any circumstances, create any implication or constitute a representation that there has been no change in the affairs of the Issuer or the Seller in the other information contained herein since the date hereof. The information contained in this Prospectus was obtained from the Issuer and the other sources identified herein, but no assurance can be given by the Note Trustee, the Security Trustee, the Cash Manager, the Agents, the Seller, the Joint Lead Managers or the Arranger as to the accuracy or completeness of such information. None of the Arranger, the Joint Lead Managers, the Seller, the Cash Manager, the Agents, the Note Trustee or the Security Trustee have separately verified the information contained herein. Accordingly, none of the Arranger, the Joint Lead Managers, the Seller, the Note Trustee, the Cash Manager, the Agents or the Security Trustee makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus or any document or agreement relating to the Notes or any Transaction Document. None of the Arranger, Joint Lead Managers, the Note Trustee, the Security Trustee, the Cash Manager or the Agents shall be responsible for, any matter which is the subject of, any statement, representation, warranty or covenant of the Issuer contained in the Notes or any Transaction Documents, or any other agreement or document relating to the Notes or any Transaction Document, or for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence thereof. In making an investment decision, investors must rely on their own examination of the terms of this offering, including the merits and risks involved. The contents of this Prospectus should not be construed as providing legal, business, accounting or tax advice. Each prospective investor should consult its own legal, business, accounting and tax advisers prior to making a decision to invest in the Notes.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of, the Issuer, the Seller, the Note Trustee, the Security Trustee, the Joint Lead Managers, CML, the Arranger, the Cash Manager, the Agents or any of them to subscribe for or purchase any of the Notes in any jurisdiction where such action would be unlawful and neither this Prospectus, nor any part thereof, may be used for or in connection with any offer to, or solicitation by, any person in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

Payments of interest and principal in respect of the Notes will be subject to any applicable withholding taxes without the Issuer or any other person being obliged to pay additional amounts to compensate Noteholders for the lesser amounts the Noteholders may receive as a result of such withholding.

In this Prospectus all references to "**pounds**", "**sterling**", "**GBP**" and "**£**" are references to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland (the "**United Kingdom**" or "**UK**"). References in this Prospectus to "**€**", "**eur**" and "**euro**" are references

to the single currency introduced at the third stage of European Economic and Monetary Union pursuant to the Treaty Establishing the European Communities as amended from time to time.

In this Prospectus all references to the "FCA" are to the United Kingdom Financial Conduct Authority and all references to the "PRA" are to the United Kingdom Prudential Regulation Authority, which together replaced the Financial Services Authority (the "FSA") pursuant to the provisions of the UK Financial Services Act 2012.

In this Prospectus, words denoting the singular number only shall include the plural number and vice versa and words denoting one gender shall include the other genders, as the context may require. A defined term in the plural which refers to a number of different items or matters may be used in the singular or plural to refer to any (or any set) of those items or matters.

The information on the websites to which this Prospectus refers does not form part of this Prospectus and has not been scrutinised or approved by the Central Bank of Ireland.

### **Forward-Looking Statements**

Certain matters contained herein are forward-looking statements. Such statements appear in a number of places in this Prospectus, including with respect to assumptions on prepayment and certain other characteristics of the Loans, and reflect significant assumptions and subjective judgements by the Issuer that may not prove to be correct. Such statements may be identified by reference to a future period or periods and the use of forward-looking terminology such as "may", "will", "could", "believes", "expects", "anticipates", "continues", "intends", "plans" or similar terms. Consequently, future results may differ from the Issuer's expectations due to a variety of factors, including (but not limited to) the economic environment and regulatory changes in the residential mortgage industry in the United Kingdom. Moreover, past financial performance should not be considered a reliable indicator of future performance and prospective purchasers of the Notes are cautioned that any such statements are not guarantees of performance and involve risks and uncertainties, many of which are beyond the control of the Issuer. None of the Note Trustee, the Security Trustee, the Arranger or the Joint Lead Managers has attempted to verify any such statements, nor does it make any representations, express or implied, with respect thereto. Prospective purchasers should therefore not place undue reliance on any of these forward-looking statements. None of the Issuer, the Note Trustee, the Security Trustee, the Arranger or the Joint Lead Managers assumes any obligation to update these forward-looking statements or to update the reasons for which actual results could differ materially from those anticipated in the forward-looking statements.

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## **RISK FACTORS**

The following is a description of the principal risks associated with an investment in the Notes. These risk factors are material to an investment in the Notes. Prospective Noteholders should carefully read and consider all the information contained in this Prospectus, including the risk factors set out in this section, prior to making any investment decision.

An investment in the Notes is only suitable for investors experienced in financial matters who are in a position to fully assess the risks relating to such an investment and who have sufficient financial means to suffer any potential loss stemming therefrom.

The Issuer believes that the risks described below are the material risks inherent in the transaction for Noteholders, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks relating to the Notes are exhaustive. Additional risks or uncertainties not presently known to the Issuer or that the Issuer currently considers immaterial may also have an adverse effect on the Issuer's ability to pay interest, principal or other amounts in respect of the Notes. Prospective Noteholders should read the detailed information set out in this document and reach their own views, together with their own professional advisers, prior to making any investment decision.

The purchase of the Notes involves substantial risks and is suitable only for sophisticated investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Notes. Before making an investment decision, prospective purchasers of the Notes should (i) ensure that they understand the nature of the Notes and the extent of their exposure to risk, (ii) consider carefully, in the light of their own financial circumstances and investment objectives (and those of any accounts for which they are acting) and in consultation with such legal, financial, regulatory and tax advisers as it deems appropriate, all the information set out in this Prospectus so as to arrive at their own independent evaluation of the investment and (iii) confirm that an investment in the Notes is fully consistent with their respective financial needs, objectives and any applicable investment restrictions and is suitable for them. The Notes are not a conventional investment and carry various unique investment risks, which prospective investors should understand clearly before investing in them. In particular, an investment in the Notes involves the risk of a partial or total loss of investment.

### **1. RISKS RELATING TO THE AVAILABILITY OF FUNDS TO MAKE PAYMENTS ON THE NOTES**

#### **1.1 The Issuer has a limited set of resources available to make payments on the Notes**

The ability of the Issuer to meet its obligations to pay principal and interest on the Notes and amounts due on the Residual Certificates and its operating and administrative expenses will be dependent solely on receipts from the English Loans and the Scottish Loans (the "**Loans**") in the Portfolio, interest earned on the Issuer Accounts (other than amounts representing interest earned on any Swap Collateral), income from any Authorised Investments (other than any amount of income received in respect of the Swap Collateral), the Class A and Class B Liquidity Reserve Fund and the General Reserve Fund (applied in accordance with the terms of the Cash Management Agreement) and the net receipts under a swap agreement relating to the Swap Transaction between the Issuer and the Swap Provider (the "**Swap Agreement**"). Other than the foregoing, the Issuer is not expected to have any other funds available to it to meet its obligations under the Notes and the Residual Certificates and/or any other payment obligation of the Issuer under the applicable Priority of Payments including in respect of any increased margin applicable to the Collateralised Notes following the Optional Redemption Date. If such funds are insufficient, any such insufficiency will be borne by the Noteholders and the other Secured Creditors, subject to the applicable Priority of Payments. The recourse of the Noteholders to the Charged Assets following service of an



Enforcement Notice is described below (see further "*Security and insolvency considerations*" below).

Prospective investors should also be aware that following the exercise of the Call Option by the Option Holder, an amount equal to the Optional Purchase Price will be sufficient to redeem the Collateralised Notes only, and will not be sufficient to redeem the Class X Notes in full. Redemption of the Class X Notes in such a scenario will be subject to the availability of funds standing to the credit of the Class A and Class B Liquidity Reserve Fund and the General Reserve Fund at such time.

## **1.2 The Notes will be limited recourse obligations of the Issuer**

The Notes and the Residual Certificates will be limited recourse obligations of the Issuer. Other than the source of funds referred to in the foregoing paragraph, the Issuer is not expected to have any other funds available to it to meet its obligations under the Notes and the Residual Certificates. Upon enforcement of the Security by the Security Trustee, if:

- (a) there are no Charged Assets remaining which are capable of being realised or otherwise converted into cash;
- (b) all amounts available from the Charged Assets have been applied to meet or provide for the relevant obligations specified in, and in accordance with, the provisions of the Deed of Charge; and
- (c) there are insufficient amounts available from the Charged Assets to pay in full, in accordance with the provisions of the Deed of Charge, amounts outstanding under the Notes (including payments of principal and interest),

then the Secured Creditors (which include the Noteholders and the Certificateholders) shall have no further claim against the Issuer or its directors, shareholders, officers or successors in respect of any amounts owing to them which remain unpaid (in the case of the Noteholders, principally payments of principal and interest in respect of the Notes) and such unpaid amounts shall be deemed to be discharged in full and any relevant payment rights shall be extinguished.

## **1.3 No additional sources of funds after the Optional Redemption Date**

As of the Optional Redemption Date, the margin on the Collateralised Notes will be increased. There will not be any increase in the margin on the Class X Notes on and after the Optional Redemption Date. There will, however, be no additional receipts or other sources of funds available to the Issuer at such time, nor is it expected that any of the sources of income available to the Issuer prior to the Optional Redemption Date will be increased. In such circumstances the Issuer may not have sufficient funds to pay all amounts of interest (including any Relevant Step-Up Margin on the Collateralised Notes).

## **1.4 Set-off may adversely affect the value of the Portfolio or any part thereof**

As described below, the sale by the Seller to the Issuer of the English Loans and their Related Security will be given effect by an assignment and the sale of the Scottish Loans and their Related Security given effect under a Scottish Declaration of Trust. As a result, legal title to the Loans and their Related Security sold by the Seller to the Issuer will remain with the Legal Title Holder until the occurrence of a Perfection Event under the terms of the Mortgage Sale Agreement. Therefore, the rights of the Issuer may be subject to certain set-off rights which the relevant Borrower has against the Legal Title Holder.

The Borrowers may be entitled to exercise certain independent or equitable set-off rights against the Issuer. Independent set-off will arise in connection with transactions that are unconnected with the relevant Borrower's Loan. Generally, an independent right of set-off could include, but is not limited to, claims by a Borrower for unpaid wages, pension liabilities or balances standing to the credit of savings and deposit accounts (though the Seller will represent and warrant that the Borrowers are not employees of the Legal Title Holder). The Legal Title Holder is a deposit-taking institution and is authorised to hold client money as at the date of this Prospectus. Should a Borrower hold a deposit account with the Legal Title Holder, the Borrower, in the event of the insolvency of the Legal Title Holder, may be able to set-off any amounts held in the relevant deposit account against amounts owed by the Borrower pursuant to the Loan. The giving of notice to the Borrower would crystallise the Borrower's entitlement to set-off amounts as of the date of receipt of the relevant notice.

Banks, insurance companies and other financial institutions in the UK (such as the Legal Title Holder) are subject to the Financial Services Compensation Scheme (the "FSCS") which gives customers protection where an authorised firm is unable or is likely to be unable to meet claims against it because of its financial circumstances. The majority of deposits made by Borrowers with the Legal Title Holder will be covered by the FSCS which gives the Borrower protection up to the FSCS limit (as at the date of this Prospectus being £85,000). As such, in the event that the Legal Title Holder is unable to meet a claim from a Borrower over and above the FSCS limit, set-off rights of such Borrower, despite the giving of notice to the Borrowers of the assignment or, as applicable, assignment of the Loans and their Related Security to the Issuer, may apply. The Legal Title Holder will be required pursuant to the terms of the Mortgage Sale Agreement to promptly notify the Servicer, Issuer and Security Trustee (with a copy to the Rating Agencies) on becoming aware of any loan that is a Significant Deposit Loan, (being a Loan in respect of which the relevant Borrower has a deposit account with the Legal Title Holder for an amount in excess of £85,000 (or such other amount as set by the FSCS from time to time) before notice of the transfer of legal ownership of that Borrower's Loan to either the Issuer or another third party is given) and will be required to repurchase any Loans in the Portfolio that are Significant Deposit Loans as at the immediately preceding Collection Period Start Date. The risk to the Issuer would be likely to be limited to circumstances arising from a breach by the Legal Title Holder of such contractual obligations to repurchase the relevant Significant Deposit Loans.

Equitable set-off rights may arise in connection with a transaction connected with the Loan. An equitable right of set-off could arise where the Legal Title Holder has failed to make a Further Advance to the Borrower having made a commitment to do so, where the Legal Title Holder has agreed to Port a Loan or where the Legal Title Holder is in breach of contract under the relevant Loan. The Seller will represent and warrant in the Mortgage Sale Agreement that the terms and conditions of the Loans do not require the Legal Title Holder to agree to any Further Advance or any Port.

Once notice has been given to the Borrowers of the assignment or assignment of the Loans and their Related Security to the Issuer, independent set-off rights which a Borrower has against the Legal Title Holder will crystallise and further rights of independent set-off would cease to accrue from that date and no new rights of independent set-off could be asserted following that notice. Set-off rights arising under "transaction set-off" (being those set-off claims arising out of a transaction connected with the Loan) will not be affected by that notice and will continue to exist.

The relevant Borrower may set off any claim for damages arising from the Legal Title Holder's breach of contract against the Legal Title Holder's (and, as equitable assignee of or holder of the beneficial interest in the Loans and their Related Security, the Issuer's) claim for payment of principal and/or interest under the relevant Loan as and when it becomes due. These set-off claims will constitute transaction set-off, as described above.

The amount of any such claim against the Legal Title Holder for equitable set-off will, in many cases, be the cost to the Borrower of finding an alternative source of funds. For example, in the case

of a failure by the Legal Title Holder to make a Further Advance having become bound to do so, the Borrower could set off against the Issuer any additional cost of funding incurred in borrowing an amount equal to the relevant Further Advance. In addition, where the Legal Title Holder has failed to effect the Port, having committed to do so, the Borrower could set-off against the Issuer the difference between the rate of interest on the Loan and the interest rate at which the Borrower could borrow money in the market on the new property. However, the Seller will represent and warrant in the Mortgage Sale Agreement that the terms and conditions of the Loans do not require the Legal Title Holder to agree to any Further Advance or any Port and the Servicer and the Legal Title Holder will undertake in the Servicing Agreement with the Issuer and the Security Trustee that it will not offer to any Borrower nor will it agree to any request from any Borrower for a Further Advance, Port or Product Switch in relation to a Loan and its Related Security. In addition to the difference in the cost of borrowing, the relevant Borrower could also set-off any direct losses arising from the Legal Title Holder's breach of contract, namely the associated costs of obtaining alternative funds (for example, legal fees and survey fees).

If the Borrower is unable to obtain an alternative mortgage loan, he or she may have a claim in respect of other indirect losses arising from the Legal Title Holder's breach of contract where there are special circumstances communicated by the Borrower to the Legal Title Holder at the time the Borrower entered into the Mortgage or which otherwise were reasonably foreseeable. A Borrower may also attempt to set-off an amount greater than the amount of his or her damages claim against his or her mortgage payments. In that case, the Servicer will be entitled to take enforcement proceedings against the Borrower, although the period of non-payment by the Borrower is likely to continue until a judgment or (in Scotland) a decree is obtained.

The exercise of set-off rights by Borrowers may adversely affect the timing of receipt and ultimate amount received by the Issuer in respect of the relevant Loans and the realisable value of the Portfolio and/or the ability of the Issuer to make payments under the Notes.

#### **1.5 There is a risk of shortfalls in Available Revenue Receipts which may result in insufficient funds available**

If, on any Interest Payment Date, as a result of shortfalls in Available Revenue Receipts, and after applying any Class A and Class B Liquidity Reserve Fund Release Amounts and any General Reserve Fund Release Amounts, there would be a Senior Expenses Deficit (arising as a result of any inability to pay amounts due in respect of interest on the Class A Notes, the Class B Notes (subject to certain limitations) and (where such Classes of Notes are the Most Senior Class of Notes outstanding) the Class C Notes, the Class D Notes and the Class E Notes, and certain prior ranking payments), the Issuer shall apply Available Redemption Receipts (if any) in accordance with item (a) of the Pre-Enforcement Redemption Priority of Payments to cure such Senior Expenses Deficit (such reapplied amounts, "**Principal Addition Amounts**"). Available Redemption Receipts (if any) may only be redirected as Principal Addition Amounts in respect of a Senior Expenses Deficit.

Application of any Available Redemption Receipts as Principal Addition Amounts (in addition to the aggregate of (a) all realised losses on the Loans which are not recovered from the proceeds following the sale of the Property to which such Loan relates or any losses realised by the Issuer on the Loans as a result of the failure of the Collection Account Bank to remit funds to the Issuer and (b) any loss to the Issuer as a result of an exercise of any set-off by any Borrower in respect of its Loan (together, the "**Losses**")) will be recorded first on the Class E Principal Deficiency Sub-Ledger until the balance of the Class E Principal Deficiency Sub-Ledger is equal to the aggregate Principal Amount Outstanding of the Class E Notes then outstanding, and next on the Class D Principal Deficiency Sub-Ledger until the balance of the Class D Principal Deficiency Sub-Ledger is equal to the aggregate Principal Amount Outstanding of the Class D Notes then outstanding, and next on the Class C Principal Deficiency Sub-Ledger until the balance of the Class C Principal Deficiency Sub-Ledger is equal to the aggregate Principal Amount Outstanding of the Class C Notes then outstanding, and next on the Class B Principal Deficiency Sub-Ledger until the balance of the Class

B Principal Deficiency Sub-Ledger is equal to the aggregate Principal Amount Outstanding of the Class B Notes then outstanding, and next on the Class A Principal Deficiency Sub-Ledger until the balance of the Class A Principal Deficiency Sub-Ledger is equal to the aggregate Principal Amount Outstanding of the Class A Notes then outstanding.

It is expected that during the course of the life of the Notes, any principal deficiencies (should they arise) will be recouped from Available Revenue Receipts (including the General Reserve Fund Excess Amount). Available Revenue Receipts will be applied, after meeting prior ranking obligations as set out under the Pre-Enforcement Revenue Priority of Payments, to credit first the Class A Principal Deficiency Sub-Ledger, second the Class B Principal Deficiency Sub-Ledger, third the Class C Principal Deficiency Sub-Ledger, fourth the Class D Principal Deficiency Sub-Ledger and fifth the Class E Principal Deficiency Sub-Ledger. In addition, to the extent that the Notes have not been redeemed in full on any Interest Payment Date falling on or after the Optional Redemption Date, an amount equal to the lesser of: (i) all remaining Available Revenue Receipts (if any) after having paid or provided for items of higher priority in the Pre-Enforcement Revenue Priority of Payments; and (ii) the amount required by the Issuer to pay in full all amounts payable under items (a) to (f) (inclusive) of the Pre-Enforcement Redemption Priority of Payments, less any Available Redemption Receipts (other than item (c) of the definition thereof) otherwise available to the Issuer, will be applied as Available Redemption Receipts in accordance with the Pre-Enforcement Redemption Priority of Payments until the Principal Amount Outstanding of the Collateralised Notes has been reduced to zero. Any Available Revenue Receipts applied as Enhanced Amortisation Amounts will be recorded as a credit to the Principal Deficiency Ledger. The balance standing to the credit of the Principal Deficiency Ledger as a result of Enhanced Amortisation Amounts (if any) shall be reduced to the extent of any future Losses arising in respect of the Portfolio.

If there are insufficient funds available as a result of such income or principal deficiencies, then one or more of the following consequences may ensue:

- the Available Revenue Receipts, any Class A and Class B Liquidity Reserve Fund Release Amounts, any General Reserve Fund Release Amounts and Available Redemption Receipts may not be sufficient, after making the payments to be made in priority thereto, to pay, in full or at all, interest due on the Notes; and
- there may be insufficient Available Revenue Receipts and Available Redemption Receipts to repay principal on the Notes on or prior to the Final Maturity Date of the Notes.

#### **1.6 The timing and amount of payments on the loans could be affected by various factors which may adversely affect payments on the Notes**

The yield to maturity on the Notes will depend on, among other things, the amount and timing of payment of principal and interest on the Loans. Prepayments on the Loans may result from early repayment of the Loans by the relevant Borrower (whether through refinancing or otherwise), sales of Properties by Borrowers (voluntarily or as a result of enforcement proceedings under the relevant Mortgages), as well as the receipt of proceeds under any applicable insurance policies. The yield to maturity of the Notes may be adversely affected by, among other things, a higher or lower than anticipated rate of prepayments on the Loans.

The rate of prepayment of Loans is influenced by a wide variety of economic, social and other factors, including prevailing mortgage market interest rates, the availability of alternative financing programmes, local and regional economic conditions and homeowner mobility. However, the rate of payment cannot be predicted. Subject to the terms and conditions of the Loans, a Borrower may "overpay" or prepay principal at any time. No assurance can be given as to the level of prepayments that the Portfolio will experience. Accelerated prepayments will lead to a reduction in the weighted average life of the Notes. See also the section entitled "*The Loans – Characteristics of the Loans –*

*Overpayments and Early Repayment Charges*". Generally, when market interest rates increase, borrowers are less likely to prepay their mortgage loans, while conversely, when market interest rates decrease, borrowers (in particular those paying by reference to a fixed interest rate, where there are no or minimal associated early repayment charges) are generally more likely to prepay their mortgage loans. Borrowers may prepay mortgage loans when they refinance their loans or sell their properties (either voluntarily or as a result of enforcement action taken). In addition should a Borrower elect, subject to the agreement of the Legal Title Holder, the Seller and the Servicer, to change the terms of their Loan from an Interest-only Loan to a Repayment Loan, the Issuer would receive principal payments in respect of the relevant Loan earlier than would otherwise be anticipated. If the Seller is required to repurchase a Loan and its Related Security because, for example, one of the Loans does not materially comply with the Loan Warranties or in circumstances where the Legal Title Holder is required to repurchase a Loan that is designated a Significant Deposit Loan, then the payment received by the Issuer will have the same effect as a prepayment of all the relevant Loans. As a result of these and other relevant factors not being within the control of the Issuer, no assurance can be given as to the timing or level of redemptions of the Notes.

Payments and prepayments of principal on the Loans will be applied, *inter alia*, to reduce the Principal Amount Outstanding of the Notes on a pass-through basis on each Interest Payment Date in accordance with the Pre-Enforcement Redemption Priority of Payments (see "*Cashflows*" below).

Pursuant to the Call Option, the Option Holder may, subject to certain conditions, purchase all (but not some) of the Loans and their Related Security comprising the Portfolio at the Optional Purchase Price on any Interest Payment Date falling on or after (a) the Optional Redemption Date, (b) any Collection Period Start Date on which the aggregate Current Balance of the Loans (excluding any Enforced Loans) was equal to or less than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date or (c) a change in tax law that results in the Issuer or the Swap Provider being required to make a deduction or withholding for or on account of tax or the occurrence of certain illegality events.

The Issuer shall redeem all of the Collateralised Notes on the Interest Payment Date on which the sale of the Loans and their Related Security comprising the Portfolio to the Beneficial Title Transferee pursuant to the Call Option occurs. This may adversely affect the yield to maturity on the Notes.

Other than in relation to an enforcement of the Security or the repurchase of a Loan and its Related Security by the Seller or the Original Seller (in the case of a breach of a Loan Warranty) or by the Legal Title Holder (in circumstances where Loans are designated as Significant Deposit Loans) pursuant to the Mortgage Sale Agreement, the Issuer is not permitted to sell the Portfolio to anyone other than the Option Holder and in no circumstances (including following the occurrence of an illegality event or a tax event) is the Option Holder required to purchase the Portfolio. As such, no assurance can be given that the Notes will be redeemed in full prior to their Final Maturity Date.

See the section entitled "*Early Redemption of the Collateralised Notes*" below.

## **2. RISKS RELATING TO THE UNDERLYING ASSETS**

### **2.1 Delinquencies or Default by Borrowers in paying amounts due on their Loans**

Borrowers may default on their obligations under the Loans in the Portfolio. Defaults may occur for a variety of reasons. The Loans are affected by credit, liquidity and interest rate risks. Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal, such as changes in the national or international economic climate, regional economic or housing conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies. Although interest rates are currently low, this may change in the future and an increase in

interest rates may adversely affect Borrowers' ability to pay interest or repay principal on their Loans. Other factors in Borrowers' individual, personal or financial circumstances may affect the ability of Borrowers to repay the Loans. Unemployment, loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies by and bankruptcies (and analogous arrangements) of Borrowers, and could ultimately have an adverse impact on the ability of Borrowers to repay the Loans. In addition, the ability of a Borrower to sell a property given as security for a Loan at a price sufficient to repay the amounts outstanding under that Loan will depend upon a number of factors, including the availability of buyers for that property, the value of that property and property values in general at the time. A valuation was obtained by the Legal Title Holder on or about the time of origination of each Loan, and, in certain circumstances, an updated valuation of a Property may be obtained or determined by the Servicer (on behalf of the Legal Title Holder), see "*The Loans*".

In order to enforce a power of sale in respect of a mortgaged property, the relevant mortgagee or (in Scotland) heritable creditor must first obtain possession of the relevant property. Possession is usually obtained by way of a court order or decree. This can be a lengthy and costly process and will involve the mortgagee or heritable creditor assuming certain risks. Any possession order given in favour of the lender may be suspended to allow the Borrower more time to pay. In addition, if possession has been obtained, a reasonable period must be allowed for marketing the property, to discharge obligations to take reasonable care to obtain a proper price. If obtaining possession of properties and arranging a sale in such circumstances is lengthy or costly, the Issuer's ability to make payments on the Notes may be reduced. The Issuer's ability to make such payments may be reduced further if the powers of a mortgagee in relation to obtaining possession of properties permitted by law are restricted in the future.

## **2.2 Legal Title Holder to initially retain legal title to the Loans and risks relating to set-off**

The Seller only has a beneficial interest in the Loans and their Related Security. Legal title to the Loans is held by the Legal Title Holder. The sale by the Seller to the Issuer of the English Loans and their Related Security (until legal title is conveyed) takes effect in equity only. The sale by the Seller to the Issuer of the Scottish Loans and their Related Security is given effect to by a Scots law governed declaration of trust by the Legal Title Holder (at the direction of and with the consent of the Seller) for the benefit of the Issuer (the "**Scottish Declaration of Trust**"). The holding of a beneficial interest under a Scottish trust has (broadly) equivalent legal consequences in Scotland to the holding of an equitable interest in England and Wales. In each case this means that legal title to the Loans and their Related Security in the Portfolio will remain with the Legal Title Holder until certain perfection trigger events occur under the terms of the Mortgage Sale Agreement (see "*Summary of the Key Transaction Documents – Mortgage Sale Agreement*", below). The Issuer has not applied, and prior to the occurrence of a Perfection Event (i) will not apply to the Land Registry of England and Wales (the "**Land Registry**") to register or record its equitable interest in the English Mortgages and (ii) will not apply to the General Register of Sasines or Land Register of Scotland (as appropriate) (together the "**Registers of Scotland**") to register or record its beneficial interest in the Scottish Mortgages pursuant to the Scottish Declaration of Trust.

Further, unless (i) notice of the assignment was given to the Borrowers in respect of the English Loans and their Related Security and (ii) an assignment of the Scottish Loans and their Related Security is effected by the Legal Title Holder to the Issuer and notice thereof is then given to the Borrowers in respect of the Scottish Loans and their Related Security, equitable or independent set-off rights may accrue in favour of any Borrower against his or her obligation to make payments to the Legal Title Holder under the relevant Loan. These rights may result in the Issuer receiving reduced payments on the Loans. The transfer of the benefit of any Loans to the Issuer will continue to be subject to any prior rights any applicable Borrower may become entitled to after the transfer. Where notice of the assignment or assignment is given to any Borrower, however, some rights of set-off (being those rights that are not connected with or related to the relevant Loan) may not arise

after the date notice is given. For the purposes of this Prospectus, references herein to "**set-off**" shall be construed to include analogous rights in Scotland. For further information on the effects of set-off in relation to the Portfolio, see above "*Set-off may adversely affect the value of the Portfolio or any part thereof*".

As a consequence of the Issuer not obtaining legal title to the Loans and their Related Security or the Properties secured thereby, a *bona fide* purchaser from the Legal Title Holder for value of any of such Loans and their Related Security without notice of any of the interests of the Issuer might obtain a good title free of any such interest. If this occurred, then the Issuer would not have good title to the affected Loan and its Related Security, and it would not be entitled to payments by a Borrower in respect of that Loan. However, the risk of third party claims obtaining priority to the interests of the Issuer in this way would be likely to be limited to circumstances arising from a breach by the Legal Title Holder of its contractual obligations or from fraud, negligence or mistake on the part of the Legal Title Holder or any of its respective personnel or agents.

Until notice of the assignment or assignation is given to Borrowers, neither the Seller nor the Issuer would be able to enforce any Borrower's obligations under a Loan or Related Security itself but would have to join the Legal Title Holder as a party to any legal proceedings. Borrowers will also have the right to redeem their Mortgages by repaying the relevant Loan directly to the Legal Title Holder or lender of record. However, the Seller and Legal Title Holder will undertake, pursuant to the Mortgage Sale Agreement, to hold any money repaid to it in respect of relevant Loans to the order of the Issuer.

If any of the risks described above were to occur then the realisable value of the Portfolio or any part thereof may be affected.

For so long as the Issuer does not have legal title to the Loans and their Related Security, the Legal Title Holder will undertake in the Mortgage Sale Agreement for the benefit of the Issuer that it will lend its name to, and take such other steps as may reasonably be required by the Issuer in relation to, any legal proceedings in respect of the relevant Loans and their Related Security and the Issuer will have power of attorney to act in the name of the Legal Title Holder, in respect of which please see the section entitled "*The Loans – Characteristics of the Loans*" –for further details.

### **2.3 The value of the Related Security in respect of the Loans may be affected by, among other things, a decline in the residential property values in the United Kingdom**

If the residential property market in the United Kingdom should experience an overall decline in property values, such a decline could in certain circumstances result in the value of the Related Security being significantly reduced and, in the event that the Related Security is required to be enforced, may result in an adverse effect on payments on the Notes.

The Issuer cannot guarantee that the value of a property will remain at the same level as on the date of origination of the related Loan. A fall in property prices resulting from the deterioration in the housing market could result in losses being incurred by lenders where the net recovery proceeds are insufficient to redeem any outstanding loan secured on such property. If the value of the Related Security backing the Loans is reduced this may ultimately result in losses to Noteholders if the Security is required to be enforced and the resulting proceeds are insufficient to make payments on all Notes.

Borrowers may have insufficient equity in their properties to refinance their Loans with lenders other than CCFS and may (as a result of the circumstances described in "*Delinquencies or Default by Borrowers in paying amounts due on their Loans*" or otherwise) have insufficient resources to pay amounts in respect of their loans as and when they fall due. This could lead to higher delinquency rates and to losses which in turn may adversely affect payments on the Notes.

**2.4 There is no guarantee that the Provisional Portfolio will be the Transaction Portfolio as at the Cut-Off Date**

The information in the section headed "*Characteristics of the Provisional Portfolio*" has been extracted from the systems of the Original Seller as at 31 December 2019 (the "**Portfolio Reference Date**"). As at the Portfolio Reference Date, the Provisional Portfolio comprised of 2,085 loans with an aggregate current balance of £350,429,746.76. Having removed any loans which were no longer eligible or had been redeemed in full as at the Cut-Off Date, the Original Seller then randomly selected a pool (the "**Transaction Portfolio**") from the Provisional Portfolio from which an independent third party has randomly selected loans having an aggregate nominal value equal to at least 5 per cent. of the nominal value of the Portfolio as at the Cut-Off Date (the "**Retained Loans**"). The characteristics of the Portfolio will vary from those set out in the tables in this Prospectus as a result of, *inter alia*, repayments and redemptions of loans and the removal of any loans from the Portfolio that do not comply with the Loan Warranties as at the Cut-Off Date.

**2.5 Loans may be subject to geographic concentration risks within certain regions of the United Kingdom**

Loans in the Portfolio may also be subject to geographic concentration risks within certain regions of the United Kingdom. To the extent that specific geographic regions within the United Kingdom have experienced or may experience in the future weaker regional economic conditions and housing markets than other regions in the United Kingdom, a concentration of the Loans in such a region may be expected to exacerbate the risks relating to the Loans described in this section. Certain geographic regions within the United Kingdom rely on different types of industries. Any downturn in a local economy or particular industry may adversely affect the regional employment levels and consequently the repayment ability of the Borrowers in that region or in the region that relies most heavily on that industry. Any natural disasters in a particular region may reduce the value of affected Properties. This may result in a loss being incurred upon the sale of such Properties. These circumstances could affect receipts on the Loans and ultimately result in losses on the Notes. For an overview of the geographical distribution of the Loans in the Provisional Portfolio, see "*Characteristics of the Provisional Portfolio – Geographical distribution*".

**2.6 Right to Buy Loans are subject to right of first refusal to the landlord or other social landlords**

0.65 per cent of the Loans by Current Balance in the Provisional Portfolio are Right to Buy Loans. Properties sold under the Right to Buy scheme of the Housing Act 1985 or (prior to 31 July 2016) the Housing (Scotland) Act 1987 (as amended) are sold by the landlord at a discount to market value calculated in accordance with the Housing Act 1985 or Housing (Scotland) Act 1987 (as amended) (as applicable). A purchaser under the scheme of the Housing Act 1985 must repay the whole of the discount if he or she disposes of the property within one year of acquiring it from the landlord, four-fifths if he or she does so within two years, three-fifths if within three years, two-fifths if within four years and one-fifth if within five years. A purchaser under the scheme of the Housing (Scotland) Act 1987 (as amended), must repay the whole of the discount if he or she sells the property within one year, two-thirds if he or she does so within two years and one third if within three years. The landlord obtains a statutory charge or (in Scotland) a standard security over the property in respect of the contingent liability of the purchaser under the scheme to repay the discount. Under the Housing Act 1985 or Housing (Scotland) Act 1987 (as amended) (as applicable), such statutory charge or standard security ranks in priority to other charges including that of any mortgage lenders except in certain circumstances. Such statutory charge or standard security shall automatically rank behind any charge on the related property in relation to monies advanced by an approved lending institution to the extent they are advanced for the purpose of enabling the purchaser to exercise his or her right to buy and (in Scotland) monies advanced for the purchase or improvement of the property. The purchaser is required, before a sale or disposal of the property within 10 years of the date of purchase, to offer the property to the landlord or another social landlord at full market value and to allow up to eight weeks for acceptance of the offer. A mortgage lender selling the property as a



mortgagee in possession in such circumstances will also be obliged to grant such right of first refusal to the landlord or other social landlord. In Scotland, the Right to Buy scheme of the Housing (Scotland) Act 1987 ended on 31 July 2016 but will still apply to properties in Scotland purchased under the scheme on or prior to that date.

## **2.7 Insurance Policies**

The Mortgage Conditions require borrowers to have buildings insurance for the relevant Property. However, it will be difficult in practice for the Servicer and/or the Issuer to determine whether the relevant Borrower has valid insurance in place at any time. The Issuer will also have the benefit of Properties in Possession Cover, Lender Interest Only Cover and Failure to Insure Cover, to the extent the Legal Title Holder has these policies in place, which will give the Issuer certain protection should the relevant Borrower not have any valid insurance in place. However, no assurance can be given that the Issuer will always receive the benefit of any claims made under any applicable buildings insurance contracts or contingent insurance contracts or that the amounts received in respect of a successful claim will be sufficient to reinstate the affected Property. This could adversely affect the Issuer's ability to make payment of interest and/or principal in respect of the Notes.

## **2.8 Searches, Investigations and Warranties in Relation to the Loans**

The Original Seller will give certain warranties to the Seller regarding the Loans and their Related Security sold to the Seller on the Closing Date and the Seller will give certain warranties to each of the Issuer and the Security Trustee regarding the Loans and their Related Security sold to the Issuer on the Closing Date (see "*Summary of the Key Transaction Documents – Mortgage Sale Agreement*" below for a summary of these).

Neither the Note Trustee, the Security Trustee, the Arranger, the Joint Lead Managers nor the Issuer has undertaken, or will undertake, any investigations, searches or other actions of any nature whatsoever in respect of any Loan or its Related Security in the Portfolio and each relies instead on the warranties given in the Mortgage Sale Agreement by the Seller. As such, the Loans may be subject to matters which would have been revealed by a full investigation of title and which may have been remedied or, if incapable of remedy, may have resulted in the Related Security not being accepted as security for a Loan had such matters been revealed. The primary remedy of the Issuer against the Seller if any of the warranties made by the Seller is materially breached or proves to be materially untrue as at the Closing Date which breach is not remedied in accordance with the Mortgage Sale Agreement, will be to require the Seller or the Original Seller to repurchase any relevant Loan and its Related Security in accordance with the repurchase provisions in the Mortgage Sale Agreement. However, there can be no assurance that the Original Seller or the Seller will have the financial resources to honour such obligations under the Mortgage Sale Agreement. In each case, none of the Issuer, the Security Trustee or the Note Trustee will have recourse to any other person in the event that the Original Seller or the Seller, for whatever reason, fails to meet such obligations. Furthermore, although the Original Seller, the Seller and the Servicer have undertaken, pursuant to the Mortgage Sale Agreement and Servicing Agreement, to notify the Issuer (and, if applicable, the Servicer) upon becoming aware of a material breach of any Loan Warranty, there shall be no obligation on the part of the Original Seller, the Seller or the Servicer to monitor compliance of the Loans with the Loan Warranties following the Closing Date. This may affect the quality of the Loans and their Related Security in the Portfolio and accordingly the ability of the Issuer to make payments due on the Notes.

### **3. RISKS RELATING TO THE STRUCTURE**

#### **3.1 Deferral of Interest Payments on the Notes**

If, on any Interest Payment Date, the Issuer has insufficient funds to make payment in full of all amounts of interest (including any accrued interest thereon) that would otherwise be payable absent the deferral provisions in respect of any Class of Notes (other than the Most Senior Class of Notes) after having paid or provided for items of higher priority in the Pre-Enforcement Revenue Priority of Payments, then the Issuer will be entitled under Condition 18 (*Subordination by Deferral*) to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date or such earlier date as the relevant Class of Notes becomes due and repayable in full in accordance with the Conditions. Any such deferral in accordance with the Conditions will not constitute an Event of Default.

Failure to pay timely interest on the Most Senior Class of Notes shall constitute an Event of Default under the Notes which may result in the Security Trustee enforcing the Security.

#### **3.2 Subordination of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class X Notes and the Residual Certificates**

The Class A Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, as provided in the Conditions and the Transaction Documents.

The Class B Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes, as provided in the Conditions and the Transaction Documents.

The Class C Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes and the Class B Notes, as provided in the Conditions and the Transaction Documents.

The Class D Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes, the Class B Notes and the Class C Notes, as provided in the Conditions and the Transaction Documents.

The Class E Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, as provided in the Conditions and the Transaction Documents.

Prior to the service of an Enforcement Notice, the Class X Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to all payments due in respect of items ranking senior thereto in the Pre-Enforcement Revenue Priority of Payments, as provided in the Conditions and the Transaction Documents. Following the service of an Enforcement Notice, the Class X Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to all payments due in respect of the Collateralised Notes, as provided in the Conditions and the Transaction Documents.

The RC1 Residual Certificates rank *pro rata* and *pari passu* without preference or priority among themselves in relation to RC1 Payments at all times and the RC2 Residual Certificates rank *pro rata* and *pari passu* without preference or priority among themselves in relation to RC2 Payments at all times, and are subordinate to all payments due in respect of the Notes, as provided in the terms and

conditions of the Residual Certificates (the "**Residual Certificates Conditions**") and the Transaction Documents.

In addition to the above, payments on the Notes and the Residual Certificates are subordinate to payments of certain fees, costs and expenses payable to the other Secured Creditors (including, amongst others, the Note Trustee, the Security Trustee, the Issuer Account Bank, the Swap Provider (other than (in respect of the Collateralised Notes) certain subordinated swap payments), the Servicer, the Cash Manager, the Paying Agents, the Registrar and the Agent Bank) and certain third parties. For further information on the likely costs payable to such Secured Creditors, please see "*Transaction Overview – Fees*" below.

To the extent that the Issuer does not have sufficient funds to satisfy its obligations to all its creditors, the holders of the lower ranking Notes and the Residual Certificates will be the first to see their claims against the Issuer unfulfilled. However, there is no assurance that these subordination provisions will protect the holders of the more senior classes of Notes (including the Most Senior Class of Notes) from all or any risk of loss.

The priority of the Notes and the Residual Certificates are further set out in "*Cashflows – Application of Available Revenue Receipts prior to the service of an Enforcement Notice on the Issuer*", "*Cashflows – Application of Available Redemption Receipts to cure a Senior Expenses Deficit*" and "*Cashflows – Distributions following the service of an Enforcement Notice on the Issuer*".

There is no assurance that these subordination rules will protect the holders of Notes from all risk of loss.

#### **4. RISKS RELATING TO CHANGES TO THE STRUCTURE AND DOCUMENTS**

##### **4.1 Meetings of Noteholders and Certificateholders, Modification and Waivers**

The Conditions and the Residual Certificates Conditions contain provisions for calling meetings of Noteholders and Certificateholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders and Certificateholders (including Noteholders and Certificateholders who did not attend and vote at the relevant meeting and Noteholders and Certificateholders who voted in a manner contrary to the requisite majority for such vote).

The Conditions and the Residual Certificates Conditions also provide that the Note Trustee or, as the case may be, the Security Trustee, may agree, without the consent of the Noteholders, the Certificateholders or the other Secured Creditors (other than any Secured Creditors which are party to the relevant Transaction Document), to (a) except in the case of a Basic Terms Modification, any modification of, or the waiver or authorisation of, any breach or proposed breach of, the Conditions, the Residual Certificates Conditions or any of the Transaction Documents which is not, in the opinion of the Note Trustee, or, as the case may be, the Security Trustee, materially prejudicial to the interests of the Noteholders or, if there are no Notes outstanding, the Certificateholders or (b) any modification which, in the opinion of the Note Trustee, or, as the case may be, the Security Trustee, is of a formal, minor or technical nature or to correct a manifest error. The Conditions and Residual Certificates Conditions also specify that certain categories of amendments (including changes to majorities required to pass resolutions or quorum requirements) would be classified as Basic Terms Modifications. Investors should note that a Basic Terms Modification is required to be sanctioned by an Extraordinary Resolution of the holders of the relevant affected Class or Classes of Notes and/or Residual Certificates then in issue, as applicable which are affected by such Basic Terms Modifications. The Conditions and the Residual Certificates Conditions also provide that the Note Trustee or, as the case may be, the Security Trustee, shall subject to the terms thereof, without the consent or sanction of the Noteholders, the Certificateholders or any of the other Secured Creditors

(other than any Secured Creditors which are party to the relevant Transaction Document), agree (and where applicable direct the Security Trustee to agree) to any modification to the Conditions or the Residual Certificates Conditions requested by the Issuer in order for it to comply with any requirements which apply to it under Regulation (EU) 648/2012, commonly known as the European Market Infrastructure Regulation ("**EMIR**"). The Note Trustee and/or the Security Trustee may also, without the consent of the Noteholders or the Certificateholders, if it is of the opinion that such determination will not be materially prejudicial to the interests of the Noteholders or if no Notes are outstanding, the Certificateholders, at any time authorise or waive any proposed or actual breach of any of the covenants or provisions contained in or arising pursuant to the Conditions or the Residual Certificates Conditions.

Further, the Note Trustee or, as the case may be, the Security Trustee may also be obliged, in certain circumstances, to agree to amendments to the Conditions and the Residual Certificates Conditions and/or the Transaction Documents for the purpose of (i) complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time, (ii) complying with certain risk retention legislation, regulations or official guidance in relation thereto, (iii) enabling the Notes to be (or to remain) listed on Euronext Dublin, (iv) enabling the Issuer or any of the other parties to the Transaction Documents (the "**Transaction Parties**") to comply with FATCA (or any voluntary agreement entered into which a taxing authority in relation thereto), (v) complying with any changes in the requirements of the Securitisation Regulation, including relating to the treatment of the Notes as a simple, transparent and standardised securitisation, and together with any implementing regulation, technical standards and official guidance related thereto, in each case as amended, varied or substituted from time to time after the Closing Date or (vi) complying with, or implementing or reflecting, any changes in the manner in which the Notes are held which will allow Bank of England's sterling monetary framework, that is, in a manner which would allow such Notes to be recognised as eligible collateral for the Bank of England's monetary policy and intra-day credit operations by the Bank of England either upon issue or at any or all times during the life of the Notes; or (viii) changing the base rate in respect of the Notes from SONIA to an alternative base rate and make such other amendments as are necessary or advisable in the reasonable commercial judgment of the Issuer (or the Servicer on its behalf) to facilitate such change (a "**Base Rate Modification**") after the Closing Date (each a "**Proposed Amendment**"), without the consent of the Noteholders or Certificateholders.

In relation to any such Proposed Amendments, the Issuer is required, amongst other things, to certify in writing to the Note Trustee that the Issuer has provided at least 30 calendar days' notice to the Noteholders of each Class of the proposed modification in accordance with Condition 16 (*Notice to Noteholders*) and by publication on Bloomberg on the "Company Filings" screen relating to the Notes. However, Noteholders should be aware that, in relation to each Proposed Amendment, if Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes have not contacted the Issuer in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within such notification period notifying the Issuer that such Noteholders do not consent to the modification, the modification will be passed without Noteholder consent.

If Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have notified the Issuer in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within the notification period referred to above that they do not consent to the modification, such modification will not be made unless an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes then outstanding is passed in favour of such modification in accordance with Condition 13 (*Meetings of Noteholders, Modification, Waiver and Substitution*). See "*Terms and Conditions of the Notes – Condition 13 (Meetings of Noteholders, Modification, Waiver and Substitution)*" and "*Terms and Conditions of the Residual Certificates –*

Residual Certificates Condition 12 (*Meetings of Certificateholders, Modification, Waiver and Substitution*)" below.

There is no guarantee that any changes made to the Transaction Documents, the Conditions and/or the Residual Certificates Conditions pursuant to the obligations imposed on the Note Trustee and the Security Trustee, as described above, would not be prejudicial to the Noteholders or Certificateholders.

#### **4.2 The Note Trustee and the Security Trustee are not obliged to act in certain circumstances**

Upon the occurrence of an Event of Default, the Note Trustee in its absolute discretion may, and if so directed in writing by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding (or, in the case of a Class of Residual Certificates, 25 per cent. in number of the holders of such Class then in issue) of the Most Senior Class or if so directed by an Extraordinary Resolution of the holders of the Most Senior Class outstanding or (in the case of a Class of Residual Certificates) in issue shall (subject, in each case, to being indemnified and/or prefunded and/or secured to its satisfaction), give an Enforcement Notice to the Issuer that all classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding, together with accrued interest thereon as provided in a trust deed between the Issuer, the Security Trustee and the Note Trustee (the "**Trust Deed**").

Each of the Note Trustee and the Security Trustee may, at any time, at their discretion and without notice, take such proceedings, actions or steps against the Issuer or any other party to any of the Transaction Documents as it may think fit to enforce the provisions of (in the case of the Note Trustee) the Notes, the Residual Certificates or the Trust Deed (including the Conditions and the Residual Certificates Conditions) or (in the case of the Security Trustee) the Deed of Charge or (in either case) the other Transaction Documents to which it is a party or in respect of which (in the case of the Security Trustee) it holds security. In respect of and at any time after the service of an Enforcement Notice, the Security Trustee may, at its discretion and without notice, take such steps as it may think fit to enforce the Security. However, neither the Note Trustee nor the Security Trustee shall be bound to take any such proceedings or steps (including, but not limited to, the giving of an Enforcement Notice in accordance with Condition 11 (*Events of Default*) or Residual Certificates Condition 10 (*Events of Default*)) unless it should have been directed to do so by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding (or, in the case of a Class of Residual Certificates, 25 per cent. in number of the holders of such Class then in issue) of the Most Senior Class and it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

See further "*Terms and Conditions of the Notes – Condition 12 (Enforcement)*" and "*Terms and Conditions of the Residual Certificates – Condition 11 (Enforcement)*" below.

In addition, each of the Note Trustee and the Security Trustee benefit from indemnities given to them by the Issuer pursuant to the Transaction Documents which rank in priority to the payments of interest and principal on the Notes.

In relation to the covenant to be given by CCFS to the Issuer and the Security Trustee in the Mortgage Sale Agreement in accordance with the Securitisation Regulation regarding the material net economic interest to be retained by CCFS in the securitisation and (certain requirements as to providing investor information in connection therewith), neither the Note Trustee nor the Security Trustee will be under any obligation to monitor the compliance by CCFS with such covenant and will not be under any obligation to take any action in relation to non-compliance with such covenant (unless otherwise directed by the Secured Creditors (including the Noteholders) in accordance with the Transaction Documents).

#### 4.3 Conflict between Noteholders, Certificateholders and other Secured Creditors

So long as any of the Notes are outstanding, except where expressly provided otherwise, neither the Security Trustee nor the Note Trustee shall have regard to the interests of the Certificateholders or the other Secured Creditors as regards all powers, trusts, authorities, duties and discretions of the Note Trustee and the Security Trustee, subject to the provisions of the Trust Deed, Conditions 13.5 (*Modification to the Transaction Documents*) and 13.6 (*Additional Right of Modification*) and Residual Certificates Conditions 12.5 (*Modification to the Transaction Documents*) and 12.6 (*Additional Right of Modification*).

#### 4.4 Conflict between Noteholders

The Trust Deed and the Deed of Charge contain provisions requiring the Note Trustee and the Security Trustee to have regard to the interests of all Classes of Noteholders as regards all powers, trusts, authorities, duties and discretions of the Note Trustee and the Security Trustee (except where expressly provided otherwise).

If, in the Note Trustee's or, as the case may be, the Security Trustee's opinion, however, there is or may be a conflict between the interests of the holders of one or more Classes of Notes, on the one hand, and the interests of the holders of one or more Classes of Notes, on the other hand, then the Note Trustee or, as the case may be, the Security Trustee is required to have regard only to the interests of the holders of the relevant affected Class of Notes ranking in priority to other relevant Classes of Notes in the Post-Enforcement Priority of Payments.

As a result, holders of Notes other than the Most Senior Class may not have their interests taken into account by the Note Trustee or the Security Trustee when the Note Trustee or the Security Trustee exercises discretion where there is a conflict of interest.

In addition, prospective investors should note that the Trust Deed provides that no Extraordinary Resolution of the holders of a Class of Notes, other than the holders of the Most Senior Class, shall take effect for any purpose while the Most Senior Class remains outstanding unless such Extraordinary Resolution shall have been sanctioned by an Extraordinary Resolution of the holders of the Most Senior Class or the Note Trustee and/or Security Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of the Most Senior Class.

For certain purposes, including the determination as to whether Notes are deemed outstanding or Residual Certificates are deemed in issue, for the purposes of convening a meeting of Noteholders or Certificateholders, those Notes or Residual Certificates (if any) which are for the time being held by or on behalf of or for the benefit of the Seller, any holding company as defined in section 1159 of the Companies Act 2006 ("**Holding Company**") of the Seller or any other subsidiary as defined in section 1159 of the Companies Act 2006 ("**Subsidiary**") of either such Holding Company (each such entity a "**Relevant Person**"), in each case as beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding or in issue, except where all of the Notes and/or the Residual Certificates of any Classes are held by or on behalf of or for the benefit of one or more Relevant Persons, in which case such Classes of Notes and/or Residual Certificates (the "**Relevant Class**") shall be deemed to remain outstanding or in issue (as the case may be) except that, if there is any other Class of Notes and/or Residual Certificates ranking (with regard to the definition of Most Senior Class) *pari passu* with, or junior to, the Relevant Class and one or more Relevant Persons are not the beneficial owners of all the Notes and/or Residual Certificates of such Class, then the Relevant Class shall be deemed not to remain outstanding and provided that in relation to a matter relating to a Basic Terms Modification any Notes or Residual Certificates which are for the time being held by or on behalf of or for the benefit of a Relevant Person, in each case as beneficial owner, shall be deemed to remain outstanding or in issue, as applicable.

## **5. COUNTERPARTY AND THIRD PARTY RISKS**

### **5.1 Delay in payment by the Borrowers may affect the Issuer's ability to make payments on the Notes**

The Issuer is subject to the risk of insufficiency of funds on any Interest Payment Date as a result of payments being made late by Borrowers (if, for example, such payment is made after the end of the Collection Period immediately preceding the Interest Payment Date). This risk is addressed in respect of the Collateralised Notes by the provision of liquidity from alternative sources (including, in the case of the Class A Notes and the Class B Notes, the Class A and Class B Liquidity Reserve Fund Release Amounts (subject to the limitations set out in the definition of Class A and Class B Liquidity Deficit), and, in the case of all of the Collateralised Notes, the General Reserve Fund Release Amounts (subject to the limitations set out in the definition of Revenue Deficit) and the General Reserve Fund Excess Amounts and the use of Principal Addition Amounts (subject to the limitations set out in the definition of Senior Expenses Deficit)), as more fully described in the section entitled "*Credit Structure*". However, no assurance can be made as to the effectiveness of such liquidity support features, or that such features will protect the Noteholders from all risk of delayed payment and/or loss.

### **5.2 Early Termination payments under the Swap Transaction in certain circumstances**

Subject to the following, the Swap Agreement will provide that, upon the occurrence of certain events, the Swap Transaction may terminate and a termination payment by either the Issuer or the Swap Provider may be payable. The amount of such payment may reflect, among other things, the cost of entering into a replacement transaction at the time and third party market data such as rates, prices, yields and yield curves, or similar information derived from internal sources of the party making the determination. Any termination payment due by the Issuer (other than (where applicable) in respect of any Hedge Subordinated Amounts), to the extent such termination payment is not satisfied by amounts standing to the credit of the Swap Collateral Account which are available to meet such termination payment in accordance with the Swap Collateral Account Priority of Payments, will rank prior to payments in respect of the Notes. As such, if any termination amount is payable and is not satisfied by amounts applied in accordance with the Swap Collateral Account Priority of Payments, payment of such termination amounts may lead to a shortfall in amounts available to pay interest and principal on all the Notes.

Any additional amounts required to be paid by the Issuer following termination of the Swap Transaction (including any extra costs incurred in entering into a replacement swap or swaps that are not otherwise provided for) to the extent not satisfied by amounts applied in accordance with the Swap Collateral Account Priority of Payments will also rank prior to payments in respect of the Notes. This may lead to a shortfall in amounts available to pay interest on the Notes and, following service of an Enforcement Notice on the Issuer (which has not been revoked), interest and principal on the Notes.

No assurance can be given as to the ability of the Issuer to enter into one or more replacement swap transactions, or if one or more replacement swap transactions are entered into, as to the ultimate creditworthiness of the Swap Provider for the replacement swap transactions.

### **5.3 Claims against third parties**

On the Closing Date CCFS as Original Seller will assign its causes and rights of actions against solicitors and valuers to the Seller and the Seller will in turn assign such rights to the Issuer pursuant to the Mortgage Sale Agreement, to the extent they are assignable. The Legal Title Holder has, pursuant to the Mortgage Sale Agreement, undertaken, where appropriate, to either instigate action against such solicitor or valuer, provided that the Issuer first indemnifies the Legal Title Holder, as applicable, for the costs of taking such action, and subject to any limitations or conditions contained

in the relevant documentation under which the Legal Title Holder acquired title to the related Loan. Any failure by or inability of the Legal Title Holder to take action against third parties may have an adverse effect on the Issuer's ability to make payments of interest and/or principal in respect of the Notes.

#### **5.4 Ratings of the Notes**

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency if, in its judgement, circumstances (including a reduction in the perceived creditworthiness of third parties, including a reduction in the credit rating of the Swap Provider and/or the Issuer Account Bank) in the future so warrant. See also "*Change of counterparties*" below.

At any time, any Rating Agency may revise its relevant rating methodology, with the result that any rating assigned to the Notes may be withdrawn, lowered or qualified. A qualification, downgrade or withdrawal of any of the ratings mentioned above may impact upon the value of the Notes.

Rating agencies other than the Rating Agencies could seek to rate the Notes and if such unsolicited ratings are lower than the comparable ratings assigned to the Notes by the Rating Agencies, those unsolicited ratings could have an adverse effect on the value of the Notes. For the avoidance of doubt and unless the context otherwise requires, any reference to "**ratings**" or "**rating**" in this Prospectus is to the ratings assigned by the Rating Agencies only.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances while the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

#### **5.5 Rating Agency confirmation in relation to the Notes in respect of certain actions**

The terms of certain Transaction Documents provide that certain actions to be taken by the Issuer and/or the other parties to the Transaction Documents are contingent on such actions not having an adverse effect on the ratings assigned to the Notes. In such circumstances, the Note Trustee or the Security Trustee may require the Issuer to seek confirmation from the Rating Agencies that certain actions proposed to be taken by the Issuer and the Note Trustee, or, as the case may be, the Security Trustee will not have an adverse effect on the then current ratings of the Notes (a "**Rating Agency Confirmation**").

A Rating Agency Confirmation that any action or inaction proposed to be taken by the Issuer or the Note Trustee or as the case may be, the Security Trustee will not have an adverse effect on the then current ratings of the Notes does not, for example, confirm that such action (i) is permitted by the terms of the Transaction Documents or (ii) is in the best interests of, or not prejudicial to, the Noteholders. While entitled to have regard to the fact that the Rating Agencies have confirmed in writing that the then current ratings of the Notes would not be adversely affected, the above does not impose or extend any actual or contingent liability on the Rating Agencies to the Secured Creditors (including the Noteholders), the Issuer, the Note Trustee, the Security Trustee or any other person or create any legal relationship between the Rating Agencies and the Secured Creditors (including the Noteholders), the Issuer, the Note Trustee, the Security Trustee or any other person whether by way of contract or otherwise. In addition the Note Trustee and/or the Security Trustee, as applicable, may, but is not required to, have regard to any Rating Agency Confirmation.



Any such Rating Agency Confirmation may or may not be given at the sole discretion of each Rating Agency. Certain Rating Agencies have indicated that they will no longer provide Rating Agency Confirmations as a matter of policy. To the extent that a Rating Agency Confirmation cannot be obtained, whether or not a proposed action will ultimately take place will be determined in accordance with the provisions of the relevant Transaction Documents and specifically the relevant modification and waiver provisions. It should be noted that, depending on the nature of the request, the timing of delivery of the request and of any information needed to be provided as part of any such request, it may be the case that a Rating Agency cannot provide a Rating Agency Confirmation in the time available or at all, and the Rating Agency will not be responsible for the consequences thereof. A Rating Agency Confirmation, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time and in the context of cumulative changes to the transaction of which the securities form part since the Closing Date. A Rating Agency Confirmation represents only a restatement of the opinions given as at the Closing Date and cannot be construed as advice for the benefit of any parties to the transaction.

Where the Transaction Documents allow the Issuer to seek, or the Note Trustee or the Security Trustee to rely on a Rating Agency Confirmation or other response by a Rating Agency is a condition to any action or step under any Transaction Document and a written request for such Rating Agency Confirmation or response is delivered to each Rating Agency by or on behalf of the Issuer (copied to the Note Trustee and the Security Trustee, as applicable) and (i) (A) one Rating Agency (such Rating Agency, a "**Non-Responsive Rating Agency**") indicates that it does not consider such Rating Agency Confirmation or response necessary in the circumstances or that it does not, as a matter of practice or policy, provide such Rating Agency Confirmation or response or (B) within 30 days of delivery of such request, no Rating Agency Confirmation or response is received and/or such request elicits no statement by such Rating Agency that such Rating Agency Confirmation or response could not be given; and (ii) one Rating Agency gives such Rating Agency Confirmation or response based on the same facts, then such condition to receive a Rating Agency Confirmation or response from each Rating Agency shall be modified so that there shall be no requirement for the Rating Agency Confirmation or response from the Non-Responsive Rating Agency if the Issuer provides to the Note Trustee and the Security Trustee a certificate signed by two directors certifying and confirming that each of the events in sub-paragraphs (i) (A) or (B) and (ii) has occurred, the Issuer having sent a written request to each Rating Agency. If no such confirmation from the Rating Agencies is forthcoming and the Issuer or the Servicer on behalf of the Issuer has certified the same in writing to the Note Trustee and the Security Trustee (an "**Issuer Certificate**"), the Note Trustee and Security Trustee shall be entitled (but not obliged) to assume that such proposed action:

- (a) (while any of the Notes remain outstanding) has been notified to the Rating Agencies;
- (b) would not adversely impact on the Issuer's ability to make payment when due in respect of the Notes;
- (c) would not affect the legality, validity and enforceability of any of the Transaction Documents or any Security; and
- (d) (while any of the Notes remain outstanding) the then current rating of the Notes would not be reduced, qualified, adversely affected or withdrawn,

upon which confirmation from the Rating Agencies and/or Issuer Certificate, the Note Trustee and the Security Trustee shall be entitled to rely absolutely without liability to any person for so doing. In being entitled to take into account any such confirmation from the Rating Agencies, it is agreed and acknowledged by the Note Trustee and the Security Trustee that this does not impose or extend any actual or contingent liability for each of the Rating Agencies to the Security Trustee, the Note Trustee, the Noteholders or any other person or create any legal relations between each of the Rating

Agencies and the Security Trustee, the Note Trustee, the Noteholders or any other person whether by way of contract or otherwise.

Where a Rating Agency Confirmation is a condition to any action or step under any Transaction Document and it is deemed to be modified as a result of a Non-Responsive Rating Agency not having responded to the relevant request from the Issuer within 30 days, there remains a risk that such Non-Responsive Rating Agency may subsequently downgrade, qualify or withdraw the then current ratings of the Notes as a result of the action or step. Such a downgrade, qualification or withdrawal to the then current ratings of the Notes may have an adverse effect on the value of the Notes.

## **5.6 The Servicer's aggregate liability is limited in certain circumstances and any changes in the Servicer could delay collection of payments on Loans**

CML will be appointed by the Issuer and, as applicable, the Legal Title Holder as Servicer to service the Loans and their Related Security. If the Servicer breaches the terms of the Servicing Agreement, then (prior to the delivery of an Enforcement Notice and with the prior written consent of the Security Trustee) the Issuer or (after delivery of an Enforcement Notice) the Security Trustee will be entitled to terminate the appointment of the Servicer in accordance with the terms of the Servicing Agreement and the Issuer and the Seller shall use their reasonable endeavours (with the assistance of the Back-Up Servicer Facilitator) to appoint a substitute servicer in its place whose appointment is approved by the Security Trustee.

The aggregate liability of the Servicer in respect of any claim arising out of or in connection with the Servicing Agreement shall, except in respect of the Servicer's fraud, Gross Negligence or wilful default or that of its officers, directors or employees in the performance of its obligations under the Servicing Agreement, (i) be limited to £1,500,000 for so long as the Servicer is appointed under the Servicing Agreement and (ii) not include any claim for any increased costs and expenses, loss of profit, business, contracts, revenues or anticipated savings or for any special indirect or consequential damage of any nature whatsoever.

In the event that the Issuer suffers a loss in respect of the Portfolio, or becomes liable to a third party, in each case as a result of any claim arising out of or in connection with the performance (or non-performance) of the Servicer's duties and obligations under the Servicing Agreement and the Servicer is liable to the Issuer for such acts or omissions pursuant to the terms of the Servicing Agreement, any loss over and above the liability cap set out in the Servicing Agreement (to the extent enforceable under applicable law and other than as a result of the fraud, Gross Negligence or wilful default of the Servicer or that of its officers, directors or employees) may be irrecoverable by the Issuer. This may result in less proceeds being available to meet the obligations of the Issuer in respect of the Notes.

Any change in Servicer could delay collection of payments on the Loans and ultimately could adversely affect the ability of the Issuer to make payments in full on the Notes.

If a Servicer Termination Event occurs, there can be no assurance that a substitute servicer with sufficient experience of servicing the Loans and their Related Security would be found who would be willing and able to service the Loans and their Related Security on the terms, or substantially similar terms, set out in the Servicing Agreement. Further, it may be that the terms on which a substitute servicer may be appointed are substantially different from those set out in the Servicing Agreement and the terms may be such that the Noteholders may be adversely affected. In addition, as described below, any substitute servicer will be required, *inter alia*, to be authorised under the Financial Services and Markets Act 2000 (the "FSMA") in order to service Loans and their Related Security that constitute Regulated Credit Agreements under the FSMA. The ability of a substitute servicer to fully perform the required services would depend, among other things, on the information, software and records available at the time of the appointment. Any delay or inability to

appoint a substitute servicer may affect payments on the Loans and hence the Issuer's ability to make payments when due on the Notes. Such risk is mitigated by the provisions of the Servicing Agreement pursuant to which the Back-Up Servicer Facilitator, in certain circumstances, will assist the Issuer in appointing a substitute servicer.

In addition, Noteholders should be aware that the Servicer has no obligation itself to advance payments that Borrowers fail to make in a timely fashion.

For further details on the arrangements with the Servicer, please see "*Summary of the Key Transaction Documents – Servicing Agreement*" below.

## **5.7 Issuer Reliance on Other Third Parties**

The Issuer is also a party to contracts with a number of other third parties who have agreed to perform services in relation to the Issuer and/or Notes. In particular, but without limitation, the Corporate Services Provider has agreed to provide certain corporate services to the Issuer pursuant to the Corporate Services Agreement, the Issuer Account Bank has agreed to provide the Issuer Accounts to the Issuer pursuant to the Bank Account Agreement, the Swap Provider has agreed to enter into the Swap Transaction pursuant to the terms of the Swap Agreement, the Servicer has agreed to service the Portfolio pursuant to the Servicing Agreement, the Back-Up Servicer Facilitator has agreed to provide back-up servicer facilitation services in relation to the Portfolio pursuant to the Servicing Agreement, the Cash Manager has agreed to provide cash management services pursuant to the Cash Management Agreement, and the Paying Agents, the Registrar and the Agent Bank have all agreed to provide services with respect to the Notes pursuant to the Agency Agreement. In the event that any of the above parties were to fail to perform their obligations under the respective agreements to which they are a party and/or are removed or if such a party resigns without a sufficiently experienced substitute or any substitute being appointed in their place promptly thereafter, collections on the Portfolio and/or payments to Noteholders may be disrupted and Noteholders may be adversely affected.

The Transaction Documents do not contain any restrictions on the ability of any third party providing services to the Issuer to change their business plans and strategies and access other business lines or markets after the Closing Date. Any changes of the business plans and strategies of a third party service provider could expose that third party to additional risks (including regulatory, operational and systems risk) which could have an adverse effect on the ability of the third party to provide services to the Issuer and consequently could have an adverse effect on the Issuer's ability to perform its obligations under the Notes.

## **5.8 Conflicts of Interest**

Certain of the Relevant Parties and their respective affiliates are acting in a number of capacities in connection with the transaction described herein. Those Relevant Parties and any of their respective affiliates acting in such capacities will have only the duties and responsibilities expressly agreed by each such entity in the relevant capacity and will not, by reason of it or any of its affiliates acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to be held to a standard of care other than as expressly provided with respect to each such capacity. In no event shall such Transaction Parties or any of their respective affiliates be deemed to have any fiduciary obligations to any person by reason of their respective affiliates acting in any capacity.

In addition to the interests described in this Prospectus, the Arranger and the Joint Lead Managers and their respective related entities, associates, officers or employees (each a "**Joint Lead Managers Related Person**")

- (a) may from time to time be a Noteholder and/or Certificateholder or have other interests with respect to the Notes or Residual Certificates and they may also have interests relating to

other arrangements with respect to a Noteholder or a Note, a Certificateholder or a Residual Certificate;

- (b) may receive (and will not have to account to any person for) fees, brokerage and commission or other benefits and act as principal with respect to any dealing with respect to any Notes or Residual Certificates;
- (c) may purchase all or some of the Notes or Residual Certificates and resell them in individually negotiated transactions with varying terms; and
- (d) may be or have been involved in a broad range of transactions including, without limitation, banking, lending, advisory, dealing in financial products, credit derivative and liquidity transactions, investment management, corporate and investment banking and research in various capacities in respect of the Notes, the Residual Certificates, the Issuer or any other Transaction Party or any related entity, both on its own account and for the account of other persons.

Prospective investors should be aware that:

- (i) each Joint Lead Managers Related Person in the course of its business (including in respect of interests described above) may act independently of any other Joint Lead Managers Related Person or Relevant Party;
- (ii) to the maximum extent permitted by applicable law, the duties of each Joint Lead Managers Related Person in respect of the Notes and/or Residual Certificates are limited to the relevant contractual obligations set out in the Transaction Documents (if any) and, in particular, no advisory or fiduciary duty is owed to any person. No Joint Lead Managers Related Person shall have any obligation to account to the Issuer, any Relevant Party or any Noteholder for any profit as a result of any other business that it may conduct with either the Issuer or any Relevant Party;
- (iii) a Joint Lead Managers Related Person may have or come into possession of information not contained in this Prospectus that may be relevant to any Noteholder or Certificateholder or to any decision by a potential investor to acquire the Notes or Residual Certificates and which may or may not be publicly available to potential investors ("**Relevant Information**");
- (iv) to the maximum extent permitted by applicable law no Joint Lead Managers Related Person is under any obligation to disclose any Relevant Information to any other Joint Lead Managers Related Person, to any Relevant Party or to any potential investor and this Prospectus and any subsequent conduct by a Joint Lead Managers Related Person should not be construed as implying that such Joint Lead Managers Related Person is not in possession of such Relevant Information; and
- (v) each Joint Lead Managers Related Person may have various potential and actual conflicts of interest arising in the ordinary course of its businesses, including in respect of the interests described above. For example, a Joint Lead Managers Related Person's dealings with respect to a Note and/or a Residual Certificate, the Issuer or a Relevant Party, may affect the value of a Note or Residual Certificate.

These interests may conflict with the interests of a Noteholder or Certificateholder and the Noteholder or Certificateholder may suffer loss as a result. To the maximum extent permitted by applicable law, a Joint Lead Managers Related Person is not restricted from entering into, performing or enforcing its rights in respect of the Transaction Documents, the Notes, the Residual Certificates, or the interests described above and may otherwise continue or take steps to further or

protect any of those interests and its business even where to do so may be in conflict with the interests of Noteholders, the Certificateholders, and the Joint Lead Managers Related Persons in so doing act in its own commercial interests and without notice to, and without regard to, the interests of any such person.

## 5.9 Interest Rate Risk

The Issuer is subject to the risk of a mismatch between the rate of interest payable in respect of the Loans and the rate of interest payable in respect of the Notes. Some of the Loans in the Portfolio pay or will pay a fixed rate of interest for an initial period of time. However, the Issuer's liabilities under the Notes are based on Compounded Daily SONIA for the relevant period.

To provide a hedge against the possible variance between:

- (a) the fixed rates of interest payable on the Fixed Rate Loans in the Portfolio; and
- (b) the floating rate of interest under the Notes being calculated by reference to Compounded Daily SONIA,

the Issuer will enter into a swap transaction (the "**Swap Transaction**") with the Swap Provider under the Swap Agreement on the Closing Date in order to mitigate the risk (see "*Credit Structure – Interest Rate Risk for the Notes*" below).

A failure by the Swap Provider to make timely payments of amounts due under the Swap Transaction will constitute a default under the Swap Agreement. The Swap Agreement provides that the Sterling amounts owed by the Swap Provider on any payment date under the Swap Transaction (which corresponds to an Interest Payment Date) may be netted against the Sterling amounts owed by the Issuer on the same payment date under the Swap Transaction. Accordingly, if the amounts owed by the Issuer to the Swap Provider on a payment date in respect of the Swap Transaction are greater than the amounts owed by the Swap Provider to the Issuer on the same payment date under the Swap Transaction, then the Issuer will pay the difference to the Swap Provider on such Interest Payment Date in respect of the Swap Transaction; if the amounts owed by the Swap Provider to the Issuer on a payment date are greater than the amounts owed by the Issuer to the Swap Provider on the same payment date in respect of the Swap Transaction, then the Swap Provider will pay the difference to the Issuer on such Interest Payment Date; and if the amounts owed by both parties are equal on a payment date in respect of the Swap Transaction, neither party will make a payment to the other on such Interest Payment Date in respect of the Swap Transaction. To the extent that the Swap Provider defaults in its obligations under the Swap Agreement to make payments to the Issuer in Sterling, on any payment date (which corresponds to an Interest Payment Date), under the Swap Transaction the Issuer will be exposed to the possible variance between various fixed rates payable on the Loans in the Portfolio and Compounded Daily SONIA.

The Issuer pays a fixed amount which is equal to the notional amount of the Swap Transaction multiplied by a fixed rate and the relevant day count fraction. The fixed rate applicable to the amounts payable by the Issuer is not intended to be an exact match of the interest rates that the Issuer receives in respect of the Fixed Rate Loans in the Portfolio. Furthermore, the notional amount of the Swap Transaction will be amortised as set out in a pre-agreed table to the Swap Transaction. The rate of amortisation will be based on the expected repayment profile of the Fixed Rate Loans assuming a 0% constant prepayment rate. However, the prepayment rate of the Fixed Rate Loans may be higher than the assumed constant prepayment rate. In such circumstances, there would be a mismatch between the notional amount of the Swap Transaction and the outstanding principal balance of the Fixed Rate Loans. Since (i) the fixed rate under the Swap Transaction may not match the interest rates applicable to the Fixed Rate Loans in the Portfolio; and/or (ii) the notional amount of the Swap Transaction may be higher than the outstanding principal balance of the Fixed Rate Loans, there may be circumstances in which the amount payable by the Issuer under the relevant

Swap Transaction exceeds the amount that the Issuer receives in respect of the Fixed Rate Loans in the Portfolio. This may result in insufficient funds being made available to the Issuer for the Issuer to meet its obligations to the Secured Creditors.

The Issuer has not entered into any interest rate swap or other hedging transaction in relation to Loans other than Fixed Rate Loans, and as a result there is no hedge in respect of the risk of any variances in the Floating Mortgage Rate (being referable to LIBOR or the Bank of England base rate ("**BBR**")) charged on any Loans in the Portfolio and interest set by reference to Compounded Daily SONIA (the "**Reference Rate**") on the Notes which in turn may result in insufficient funds being made available to the Issuer for the Issuer to meet its obligations to the Secured Creditors. As such, the Issuer is subject to the risk of a mismatch between the rate of interest payable in respect of such Loans and the rate of interest payable in respect of the Notes. See further "*Changes or uncertainty in respect of LIBOR and SONIA may affect the value or payment of interest under the Loans or the Notes*" below.

#### **5.10 Borrower default or failure by the Servicer may affect the Issuer's ability to make payments on the Notes**

The Issuer is subject to the risk of default in payment by the Borrowers and the failure by the Servicer, on behalf of the Issuer, to realise or recover sufficient funds under the arrears and default procedures in respect of any Loan and its Related Security in order to discharge all amounts due and owing by the relevant Borrower(s) under such Loan, which may adversely affect payments on the Notes. This risk is mitigated to some extent by certain credit enhancement features which are described in the section entitled "*Credit Structure*". However, no assurance can be made as to the effectiveness of such credit enhancement features, or that such credit enhancement features will protect the Noteholders from all risk of loss. Should there be credit losses arising in respect of the Loans, this could have an adverse effect on the ability of the Issuer to make payments of interest and/or principal on the Notes.

#### **5.11 Change of counterparties**

The parties to the Transaction Documents who receive and hold monies or provide support to the transaction pursuant to the terms of such documents (such as the Issuer Account Bank and the Swap Provider) are required to satisfy certain criteria in order that they can continue to be a counterparty to the Issuer.

These criteria include requirements imposed by the FCA under the FSMA and requirements in relation to (in the case of Fitch) the short term and/or long term issuer default ratings or (in the case of Moody's) the short term deposit rating, senior unsecured debt rating and/or long term counterparty risk assessment ascribed to such party by the Rating Agencies. If the party concerned ceases to satisfy the applicable criteria, including the ratings criteria set out in the relevant Transaction Documents and as described in this Prospectus, then the rights and obligations of that party (including the right or obligation to receive monies on behalf of the Issuer) may be required to be transferred to another entity which does satisfy the applicable ratings criteria. In these circumstances, the terms agreed with the replacement entity may not be as favourable as those agreed with the original party pursuant to the relevant Transaction Document and the cost to the Issuer may therefore increase. In addition, it may not be possible to find an entity with the ratings prescribed in the relevant Transaction Document who would be willing to act in the role. This may reduce amounts available to the Issuer to make payments of interest and principal on the Notes and/or lead to a downgrade in the ratings of the Notes.

In addition, should the applicable criteria cease to be satisfied, then the parties to the relevant Transaction Document may agree to amend or waive certain of the terms of such document, including the applicable criteria (although this will not apply to mandatory provisions of law), in

order to avoid the need for a replacement entity to be appointed. The consent of Noteholders may not be required in relation to such amendments and/or waivers.

## **6. MACROECONOMIC AND MARKET RISKS**

### **6.1 Changes or uncertainty in respect of LIBOR and SONIA may affect the value or payment of interest under the Loans or the Notes**

Various interest rates and other indices which are deemed to be "benchmarks", including LIBOR (as defined below) and SONIA, are the subject of recent national, international and other regulatory reforms and proposals for reform. Some of these reforms are already effective, including the Benchmarks Regulation, while others are still to be implemented. Under the Benchmarks Regulation, which came into force from 1 January 2018, in general, new requirements will apply with respect to the provision of a wide range of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the European Union. In particular, the Benchmarks Regulation, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and to comply with extensive requirements in relation to the administration of benchmarks and (ii) prevents certain uses by EU-supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU-based, deemed equivalent or recognised or endorsed).

In addition, the sustainability of the London Inter-Bank Offered Rate ("LIBOR") has been questioned by the FCA as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of regulatory reforms) for market participants to continue contributing to such benchmarks. These reforms and other pressures may cause such benchmarks to disappear entirely or to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted.

In particular, investors should be aware that:

- (a) any of these reforms or pressures described above or any other changes to a relevant interest rate benchmark (including SONIA) could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be;
- (b) while an amendment may be made under Condition 13.6 (*Additional Right of Modification*) to change the SONIA rate on the Notes to an alternative base rate under certain circumstances broadly related to SONIA disruption or discontinuation and subject to certain conditions, there can be no assurance that any such amendment will be made or, if made, that it will (i) fully or effectively mitigate interest rate risks or result in an equivalent methodology for determining the interest rates on the Notes or (ii) be made prior to any date on which any of the risks described in this risk factor may become relevant; and
- (c) if SONIA is discontinued, and whether or not an amendment is made under Condition 13.6 (*Additional Right of Modification*) to change the SONIA rate on the Notes as described in paragraph (b) above, there can be no assurance that the applicable fall-back provisions under the Swap Agreement would operate so as to ensure that the base floating interest rate used to determine payments under the Swap Transaction is the same as that used to determine interest payments under the Notes, or that any such amendment made under Condition 13.6 (*Additional Right of Modification*) would allow the Swap Transaction to effectively mitigate interest rate and currency risks on the Notes; and
- (d) the rate of interest on the Loans which have a Floating Mortgage Rate may be determined for a period by any applicable fall back provisions under the Mortgage Conditions, although

such provisions may not operate as intended (depending on market circumstances and the availability of rates information at the time),

In addition, it should be noted that broadly divergent interest rate calculation methodologies may develop and apply as between the Notes and/or the Swap Agreements due to applicable fall-back provisions or other matters and the effects of this are uncertain but could include a reduction in the amounts available to the Issuer to meet its payment obligations in respect of the Notes.

Investors should note the various circumstances under which a Base Rate Modification may be made, which are specified in Condition 13.6 (*Additional Right of Modification*). As noted above, these events broadly relate to SONIA's disruption or discontinuation, but also include, inter alia, any public statements by the SONIA administrator or its supervisor to that effect, and a Base Rate Modification may also be made if the Servicer (on behalf of the Issuer) reasonably expects any of these events to occur within six months of the proposed effective date of such Base Rate Modification. A Base Rate Modification may also be made if an alternative means of calculating a SONIA-based base rate is introduced which becomes a standard means of calculating interest for similar transactions. Investors should also note the various options permitted as an Alternative Base Rate as set out in Condition 13.6 (*Additional Right of Modification*), which include, inter alia, a base rate utilised in a publicly-listed new issue of sterling-denominated asset-backed floating rate notes where the originator of the relevant assets is an affiliate of Broadlands, CML or such other base rate as the Servicer (on behalf of the Issuer) reasonably determines. Investors should also note the negative consent requirements in relation to a Base Rate Modification (as to which, see "*Meetings of Noteholders and Certificateholders, Modification and Waivers*" below).

When implementing any Base Rate Modification, the Note Trustee shall not consider the interests of the Noteholders, any other Secured Creditor or any other person, and shall act and rely solely and without further investigation on any certificate (including, but not limited to, a Base Rate Modification Certificate) or other evidence (including, but not limited to, a Rating Agency Confirmation) provided to them by the Issuer or the Servicer, as the case may be, pursuant to Condition 13.6 (*Additional Right of Modification*) and shall not be liable to the Noteholders, any other Secured Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person.

More generally, any of the above matters (including an amendment to change the SONIA rate as described in paragraph (c) above) or any other significant change to the setting or existence of SONIA could affect the ability of the Issuer to meet its obligations under the Notes and/or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes. Changes in the manner of administration of SONIA could result in adjustment to the Conditions, early redemption, delisting or other consequences in relation to the Notes. No assurance may be provided that relevant changes will not be made to SONIA or any other relevant benchmark rate and/or that such benchmarks will continue to exist. Investors should consider these matters when making their investment decision with respect to the Notes.

## **6.2 The relationship between the United Kingdom with the European Union may affect the ability of the Issuer to satisfy its obligations under the Notes and/or the market value and/or liquidity of the Notes in the secondary market**

Concerns relating to credit risk (including that of sovereigns and of those entities which have exposure to sovereigns) persist, in particular with respect to current economic, monetary and political conditions in the Eurozone. If such conditions further deteriorate (including as may be demonstrated by any relevant credit rating agency action, any default or restructuring of indebtedness by one or more states or institutions and/or any exit(s) by any member state(s) from the European Union and/or any changes to, including any break up of, the Eurozone), then these matters may cause further severe stress in the financial system generally and/or may adversely affect the UK housing market, the Issuer, one or more of the other parties to the transaction documents (including



the Seller, the Servicer, the Issuer Account Bank and/or the Swap Provider) and/or any Borrower in respect of the underlying loans.

In particular, prospective investors should note that, pursuant to a referendum held in June 2016, the UK has voted to leave the European Union and the UK Government invoked article 50 of the Lisbon Treaty relating to withdrawal on 29 March 2017. This commenced the formal two-year process of negotiations regarding the terms of the withdrawal and the framework of the future relationship between the UK and the European Union (the "**article 50 withdrawal agreement**").

Under the terms of the ratified article 50 withdrawal agreement, a transition period has now commenced which will last until 31 December 2020. During this period, most European Union rules and regulations will continue to apply to the UK and negotiations in relation to a free trade agreement will be ongoing. Under the article 50 withdrawal agreement, the transition period may, before 1 July 2020, be extended once by up to two years. However, the UK legislation ratifying the article 50 withdrawal agreement (the European Union (Withdrawal) Act 2018, as amended by the European Union (Withdrawal Agreement) Act 2020 (as so amended, the "EUWA") contains a prohibition on agreeing any extension to the transition period. While this does not entirely remove the prospect that the transition period will be extended (as the UK Parliament could pass legislation that would override the effect of the prohibition in the EUWA), the likelihood of a further extension is significantly reduced and the risk is increased that by 31 December 2020 no trade agreement on future relationship between the UK and the European Union is reached at all or a significantly narrower agreement is reached than that envisaged by the political declaration by the European Commission and the UK Government.

The European Union and the UK Government have continued preparations for a "hard" Brexit (or "no-deal" Brexit) to minimise the risks for firms and businesses associated with an exit without agreement as to the EU-UK future trade relationship at the end of the transition period. This has included the UK Government publishing further draft secondary legislation under powers provided in the EUWA to ensure that there is a functioning statute book at the end of the transition period.

Due to the ongoing political uncertainty as regards the terms of the UK's withdrawal from the European Union and the structure of the future relationship, it is not possible to determine the precise impact on general economic conditions in the UK, including the performance of the UK housing market. It is also not possible to determine the precise impact that these matters will have on the business of the Issuer (including the performance of the underlying Loans), any other party to the Transaction Documents and/or any Borrower in respect of the underlying Loans, or on the regulatory position of any such entity or of the transactions contemplated by the Transaction Documents under European Union regulation or more generally.

No assurance can be given that any of the matters outlined above would not adversely affect the ability of the Issuer to satisfy its obligations under the Notes and/or the market value and/or liquidity of the Notes in the secondary market.

### **6.3 Increases in prevailing market interest rates may adversely affect the performance of the Portfolio**

Borrowers with a Loan subject to a variable rate of interest or with a Loan for which the related interest rate adjusts following an initial fixed rate or low introductory rate, as applicable, may be exposed to increased monthly payments if the related mortgage interest rate adjusts upward (or, in the case of a Loan with an initial fixed rate or low introductory rate, at the end of the relevant fixed or introductory period). This increase in Borrowers' monthly payments, which (in the case of a Loan with an initial fixed rate or low introductory rate) may be compounded by any further increase in the related mortgage interest rate during the relevant fixed or introductory period, may ultimately result in higher delinquency rates and losses in the future.

Borrowers seeking to avoid increased monthly payments (caused by, for example, the expiry of an initial fixed rate or low introductory rate, or a rise in the related mortgage interest rates) by refinancing their mortgage loans may no longer be able to find available replacement loans at comparably low interest rates. Any decline in housing prices may also leave borrowers with insufficient equity in their properties to permit them to refinance. These events, alone or in combination, may contribute to higher delinquency rates, slower prepayment rates and higher losses on the Portfolio, which in turn may affect the ability of the Issuer to make payments of interest and/or principal on the Notes.

#### **6.4 Absence of secondary market or lack of liquidity in the secondary market may affect the market value of the Notes**

There is currently a limited secondary market for the Notes, and no assurance is provided that an active and liquid secondary market for the Notes will develop further. None of the Notes have been, or will be, registered under the Securities Act or any other applicable securities laws and they are subject to certain restrictions on the resale and other transfer thereof as set out under "*Subscription and Sale*" and "*Transfer Restrictions and Investor Representations*". To the extent that a secondary market exists or develops further, it may not continue for the life of the Notes or it may not provide Noteholders with liquidity of investment with the result that a Noteholder may not be able to find a buyer to buy its notes readily or at prices that will enable the Noteholder to realise a desired yield. Any investor in the Notes must be prepared to hold their Notes until the Final Maturity Date.

The secondary market for mortgage-backed securities similar to the Notes has at times experienced limited liquidity resulting from reduced investor demand for such securities. Limited liquidity in the secondary market may have an adverse effect on the market value of mortgage-backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the requirements of limited categories of investors.

Whilst central bank schemes such as, amongst others, the Bank of England's sterling monetary framework or the Funding for Lending Scheme provides an important source of liquidity in respect of eligible securities, further restrictions in respect of the relevant eligibility criteria for eligible collateral which applies and will apply in future are likely to adversely impact secondary market liquidity for mortgage-backed securities in general, regardless of whether the Notes are eligible securities. Neither the Issuer nor the Seller gives any representation, warranty, confirmation or guarantee to any investor in the Notes that the Notes will, either upon issue or at any time prior to redemption in full, satisfy all or any of the requirements for such central bank schemes however it is intended that the Class A Notes will be LCR eligible. Any potential investor in the Notes should make their own conclusions and seek their own advice with respect to whether or not the Notes constitute eligible collateral for such central bank schemes.

### **7. LEGAL AND REGULATORY RISKS**

#### **7.1 Regulatory initiatives may have an adverse impact on the regulatory treatment of the Notes**

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset backed securities industry. This has resulted in multiple measures for increased regulation which are at various stages of implementation and which may have an adverse impact on the regulatory position of certain investors in securitisation exposures and/or on the incentives for certain investors to hold asset backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and should consult their own advisors in this respect. None of the Issuer, the Joint Lead Managers, the Arranger or the Seller make any representation to any prospective investor or purchaser of the Notes regarding the regulatory treatment of their investment on the Closing Date or at any time in the future.

Prudential regulation reforms under Basel or other frameworks may have an adverse impact on the regulatory capital treatment of the Notes. Investors should note in particular that the Basel Committee on Banking Supervision ("BCBS") has approved a series of significant changes to the Basel framework for prudential regulation (such changes being referred to by the BCBS as Basel III, and referred to, colloquially, as Basel III in respect of reforms finalised prior to 7 December 2017 and Basel IV in respect of reforms finalised on or following that date). The Basel III/IV reforms, which include revisions to the credit risk framework in general and the securitisation framework in particular, may result in increased regulatory capital and/or other prudential requirements in respect of securitisation positions. The BCBS continues to work on new policy initiatives. National implementation of the Basel III/IV reforms may vary those reforms and/or their timing. It should also be noted that changes to prudential requirements have been made for insurance and reinsurance undertakings through participating jurisdiction initiatives, such as the Solvency II framework in Europe. Investors in the Notes are responsible for analysing their own regulatory position and prudential regulation treatment applicable to the Notes and should consult their own advisers in this respect.

## **7.2 Securitisation Regulation regime applies to the Notes and non-compliance with this regime may have an adverse impact on the regulatory treatment of Notes and/or decrease liquidity of the Notes.**

The Securitisation Regulation applies in general (subject to certain grandfathering) from 1 January 2019, although some legislative measures necessary for the full implementation of the new regime have not yet been finalised and compliance with certain requirements is subject to the application of transitional provisions. The Securitisation Regulation establishes certain common rules for all securitisations that fall within its scope (including recast of pre-1 January 2019 risk retention and investor due diligence regimes). The Securitisation Regulation has direct effect in member states of the EU and is to be implemented in due course in other countries in the EEA.

The Securitisation Regulation requirements apply to the Notes. As such, certain European-regulated institutional investors, including credit institutions, investment firms, authorised alternative investment fund managers, insurance and reinsurance undertakings, certain undertakings for the collective investment of transferable securities (UCITs) and certain regulated pension funds (institutions for occupational retirement provision), are required to comply under Article 5 with certain due diligence requirements prior to holding a securitisation position and on an ongoing basis while holding the position. Among other things, prior to holding a securitisation position, such institutional investors are required to verify certain matters with respect to compliance of the relevant transaction parties with credit granting standards, risk retention and transparency requirements. If the relevant European-regulated institutional investor elects to acquire or holds the Notes having failed to comply with one or more of these requirements, this may result in the imposition of a penal capital charge on the Notes for institutional investors subject to regulatory capital requirements or a requirement to take a corrective action, in the case of a certain type of regulated fund investors. Aspects of the requirements of the Securitisation Regulation and what is or will be required to demonstrate compliance to national regulators remain unclear. Prospective investors should therefore make themselves aware of requirements applicable to them and are required to independently assess and determine the sufficiency of the information described in this Prospectus generally for the purposes of complying with such due diligence requirements under the Securitisation Regulation.

Various parties to the securitisation transaction described in this Prospectus (including CCFS, Broadlands and the Issuer) are also subject to the requirements of the Securitisation Regulation. However, there is at present some uncertainty in relation to some of these requirements and what is or will be required to demonstrate compliance to national regulators, including in particular with regard to the transparency obligations imposed under Article 7 of the Securitisation Regulation, the application of the transitional provisions in connection with such Article and the final position on the

new disclosure templates to be applied under the new technical standards. Please note that the European Commission-adopted texts of Article 7 technical standards were published in October 2019, representing the near final position on the applicable reporting templates, but these are yet to be approved by the European Parliament and the Council of the European Union and it is expected that these technical standards will be finalised and enter into force in Q1 2020. There can be no assurance that the information in this Prospectus or to be made available to investors in accordance with Article 7 of the Securitisation Regulation will be adequate for any prospective institutional investors to comply with their due diligence obligations under the Securitisation Regulation.

Prospective investors in the Notes are responsible for analysing their own regulatory position, and should consult their own advisers in this respect.

The Securitisation Regulation (and the associated Regulation (EU) 2017/2401 (**CRR Amendment Regulation**)) also includes provisions intended to implement the revised securitisation framework developed by BCBS (with adjustments) and provides, among other things, for harmonised foundation criteria and procedures applicable to securitisations seeking designation as STS securitisation.

The STS securitisation designation impacts on the potential ability of the Notes to achieve better or more flexible regulatory treatment under various EU regimes that were amended (or will be amended in due course) to take into account the STS framework such as Type 1 securitisation under Solvency II, as amended; regulatory capital treatment under the securitisation framework of the Capital Requirements Regulation, as amended by the CRR Amendment Regulation; Type 2B securitisation under the LCR Regulation, as amended and the forthcoming changes (which are yet to be finalised) to the EMIR regime that will address certain exemptions for STS securitisation swaps, as to which investors are referred to the risk factor entitled "*European Market Infrastructure Regulation*".

It is intended that an STS Notification will be submitted to ESMA by CCFS. The STS Notification, once notified to ESMA, will be available for download on the ESMA STS Register website.

CCFS has used the services of Prime Collateralised Securities (PCS) UK Limited (PCS) as a verification agent authorised under Article 28 of the Securitisation Regulation in connection with an assessment of the compliance of the Notes with the requirements of Articles 19 to 22 of the Securitisation Regulation (the "**STS Verification**") and to provide additional assessments with regard to the status for the purposes of Articles 243 and 270 of the CRR and Articles 7 and 13 of the LCR Regulation (the "**STS Additional Assessments**"). It is expected that the STS Additional Assessments and STS Verification prepared by PCS will be available on the PCS website (<https://www.pcsmarket.org/sts-verification-transactions/>) together with detailed explanations of its scope at <https://pcsmarket.org/disclaimer/> on and from the Closing Date. For the avoidance of doubt, this PCS website and the contents thereof do not form part of this Prospectus.

It is important to note that the involvement of an STS Verification agent is not mandatory and the responsibility for compliance with the Securitisation Regulation remains with the relevant institutional investors, originators, sponsors and issuers, as applicable in each case. An STS Verification and/or STS Additional Assessments will not absolve such entities from making their own assessments with respect to the Securitisation Regulation and of the relevant regulatory provisions, and an STS Verification and/or STS Additional Assessments cannot be relied on to determine compliance with the foregoing regulations in the absence of such assessments by the relevant entities.

The STS status of the Notes is not static and investors should verify the current status on the ESMA STS Register website, which will be updated where the Notes are no longer considered to be STS following a decision of competent authorities or a notification by CCFS. The STS securitisation designation is not an opinion on the creditworthiness of the relevant Notes nor on the level of risk

associated with an investment in the relevant Notes. It is not an indication of the suitability of the relevant notes for any investor and/or a recommendation to buy, sell or hold notes. Institutional investors that are subject to the due diligence requirements of the Securitisation Regulation need to make their own independent assessment and may not solely rely on any STS Verification, the STS Notification or other disclosed information.

No assurance can be provided that the securitisation transaction described in this Prospectus does or will continue to qualify as an STS securitisation under the Securitisation Regulation as at the date of this Prospectus or at any point in time in the future. In this regard, the investors should also refer to the ongoing uncertainties on the future relationship between the UK and the European Union, which, among other things, will have implications for the STS status of the Notes after the expiry of the transition period (as to which, see *"The relationship between the United Kingdom with the European Union may affect the ability of the Issuer to satisfy its obligations under the Notes and/or the market value and/or liquidity of the Notes in the secondary market"*). In addition, non-compliance may result in various sanctions and/or remedial measures being imposed on the relevant transaction parties, which may have an impact on the availability of funds to pay the Notes.

### **7.3 Insolvency legislation in the United Kingdom**

The Issuer has represented in the Transaction Documents that it will have its centre of main interests in the United Kingdom and may therefore be subject to the insolvency proceedings under the laws of England and Wales.

### **7.4 Provisions of the Insolvency Act may limit the Security Trustee's ability to enforce Security**

Under the company voluntary arrangement procedure set out in the Insolvency Act 1986, certain "small companies" are permitted to seek court protection from their creditors by way of a moratorium for a period of up to 28 days, with the option for creditors to extend this protection for up to a further two months (although the Secretary of State may, by order, extend or reduce the duration of either period).

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

During the period for which a moratorium is in force in relation to a company, *inter alia*, no winding up may be commenced or administrator appointed to that company, no administrative receiver of that company may be appointed, no security created by that company over its property may be enforced (except with the leave of the court) and no other proceedings or legal process may be commenced or continued in relation to that company (except with the leave of the court). In addition, if the holder of security (the "**chargee**") created by that company consents or if the court gives leave, the company may dispose of the secured property as if it were not subject to the security. Where the property in question is subject to a floating charge, the chargee will have the same priority in respect of any property of the company directly or indirectly representing the property disposed of as he would have had in respect of the property subject to the floating charge. Where the security in question is that other than a floating charge, it shall be a condition of the chargee's consent or the leave of the court that the net proceeds of the disposal shall be applied towards discharging the sums secured by the security. Further, during the period for which a

moratorium is in force in respect of a company it may not make any payments with respect to debts or liabilities existing prior to the date of filing for a moratorium unless (i) there are reasonable grounds for believing the payment will benefit the company, and (ii) the payment is approved by a committee of creditors of the company if established or, if not, by the nominee of the proposed company voluntary arrangement.

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

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

## **7.5 Risks relating to the Banking Act 2009**

The Banking Act 2009 (the "**Banking Act**") includes provision for a special resolution regime pursuant to which specified UK authorities have extended tools to deal with the failure (or likely failure) of certain UK incorporated entities, including authorised deposit-taking institutions and investment firms, and powers to take certain resolution actions in respect of third country institutions. In addition, powers may be used in certain circumstances in respect of UK established banking group companies, where such companies are in the same group as a relevant UK or third country institution or in the same group as an EEA credit institution or investment firm (and for these purposes, the EEA includes the United Kingdom). Relevant transaction parties for these purposes include the Servicer, the Seller, the Original Seller, the Legal Title Holder, the Swap Provider, the Issuer Account Bank and the Collection Account Bank.

The tools available under the Banking Act include share and property transfer powers (including powers for partial property transfers), bail-in powers, certain ancillary powers (including powers to modify contractual arrangements in certain circumstances) and special insolvency procedures which may be commenced by the UK authorities. It is possible that the extended tools described above could be used prior to the point at which an application for insolvency proceedings with respect to a relevant entity could be made and, in certain circumstances, the UK authorities may exercise broad pre-resolution powers in respect of relevant entities with a view to removing impediments to the exercise of the stabilisation tools.

In general, the Banking Act requires the UK authorities to have regard to specified objectives in exercising the powers provided for by the Banking Act. One of the objectives (which is required to be balanced as appropriate with the other specified objectives) refers to the protection and enhancement of the stability of the financial system of the United Kingdom. The Banking Act includes provisions related to compensation in respect of instruments and orders made under it. In

general, there is considerable uncertainty about the scope of the powers afforded to UK authorities under the Banking Act and how the authorities may choose to exercise them.

If an instrument or order were to be made under the provisions of the Banking Act currently in force in respect of a relevant entity as described above, such action may (amongst other things) affect the ability of such entity to satisfy its obligations under the Transaction Documents and/or result in the cancellation, modification or conversion of certain unsecured liabilities of such entity under the Transaction Documents or in other modifications to such documents. In particular, modifications may be made pursuant to powers permitting (i) certain trust arrangements to be removed or modified (such as a Scottish Declaration of Trust), (ii) contractual arrangements between relevant entities and other parties to be removed, modified or created where considered necessary to enable a transferee in the context of a property or share transfer to operate the transferred business effectively and (iii) in connection with the modification of an unsecured liability through use of the bail-in tool, the discharge of a relevant entity from further performance of its obligations under a contract. In addition, subject to certain conditions, powers would apply to require a relevant instrument or order (and related events) to be disregarded in determining whether certain widely defined "default events" have occurred (which events may include trigger events included in the Transaction Documents in respect of the relevant entity, including termination events and (in the case of the Legal Title Holder) trigger events in respect of perfection of legal title to the Loans). As a result, the making of an instrument or order in respect of a relevant entity as described above may affect the ability of the Issuer to meet its obligations in respect of the Notes.

As noted above, the stabilisation tools may be used in respect of certain banking group companies provided certain conditions are met. If the Issuer was regarded to be a banking group company and no exclusion applied, then it would be possible in certain scenarios for the relevant authority to exercise one or more relevant stabilisation tools (including the property transfer powers and/or the bail-in powers) in respect of it, which could result in reduced amounts being available to make payments in respect of the Notes and/or in the modification, cancellation or conversion of any unsecured portion of the liability of the Issuer under the Notes at the relevant time. In this regard, it should be noted that the UK authorities have provided an exclusion for certain securitisation companies, which exclusion is expected to extend to the Issuer, although aspects of the relevant provisions are not entirely clear.

At present, the UK authorities have not made an instrument or order under the Banking Act in respect of the entities referred to above and there has been no indication that any such instrument or order will be made, but there can be no assurance that this will not change and/or that Noteholders will not be adversely affected by any such instrument or order if made. While there is provision for compensation in certain circumstances under the Banking Act, there can be no assurance that Noteholders would recover compensation promptly and equal to any loss actually incurred.

Lastly, as a result of Directive 2014/59/EU providing for the establishment of an EU-wide (which for these purposes, includes the United Kingdom) framework for the recovery and resolution of credit institutions and investment firms and any relevant national implementing measures, it is possible that an institution with its head office in an EU state other than the UK and/or certain group companies could be subject to certain resolution actions in that other state. Once again, any such action may affect the ability of any relevant entity to satisfy its obligations under the Transaction Documents and there can be no assurance that Noteholders will not be adversely affected as a result.

## **7.6 Security and insolvency considerations**

The Issuer will enter into the Deed of Charge pursuant to which it will grant the Security in respect of certain of its obligations, including its obligations under the Notes (as to which, see "*Summary of the Key Transaction Documents – Deed of Charge*"). If certain insolvency proceedings (including administrations or liquidations) are commenced in respect of the Issuer, the ability to realise the Security may be delayed and/or the value of the Security impaired.

The Insolvency Act 1986 allows for the appointment of an administrative receiver in relation to certain transactions in the capital markets. Although there is as yet no case law on how these provisions will be interpreted, it should be applicable to the floating charge created by the Issuer and granted by way of security to the Security Trustee. However, as this is partly a question of fact, were it not to be possible to appoint an administrative receiver in respect of the Issuer, the Issuer would be subject to administration if it became insolvent. In such circumstances, the primary emphasis may be to rescue the Issuer as a going concern which may lead to the ability to realise the Security being delayed, the value of the Security being impaired and/or conflict with the interests of the Noteholders.

In addition, it should be noted that, to the extent that the assets of the Issuer are subject only to a floating charge (including any fixed charge recharacterised by the courts as a floating charge), in certain circumstances under the provisions of section 176A of the Insolvency Act 1986 (as noted further below), certain floating charge realisations which would otherwise be available to satisfy the claims of secured creditors under the Deed of Charge may be used to satisfy any claims of unsecured creditors. While certain of the covenants given by the Issuer in the Transaction Documents are intended to ensure it has no significant creditors other than the secured creditors under the Deed of Charge, it will be a matter of fact as to whether the Issuer has any other such creditors at any time. There can be no assurance that the Noteholders will not be adversely affected by any such reduction in floating charge realisations upon the enforcement of the Security.

While the transaction structure (through the use of limited recourse provisions and non-petition clauses) is designed to minimise the likelihood of the Issuer becoming insolvent, there can be no assurance that the Issuer will not become insolvent and/or the subject of insolvency proceedings and/or that the Noteholders would not be adversely affected by the application of insolvency laws (including English insolvency laws and, if applicable, Scottish insolvency laws).

## **7.7 Insolvency proceedings and subordination provisions**

There is uncertainty as to the validity and/or enforceability of a provision which (based on contractual and/or trust principles) subordinates certain payment rights of a creditor to the payment rights of other creditors of its counterparty upon the occurrence of insolvency proceedings relating to that creditor. In particular, recent cases have focused on provisions involving the subordination of a hedging counterparty's payment rights in respect of certain termination payments upon the occurrence of insolvency proceedings or other default on the part of such counterparty (so-called "**flip clauses**"). Such provisions are similar in effect to the terms which will be included in the Transaction Documents relating to the subordination of Hedge Subordinated Amounts.

The Supreme Court of the United Kingdom has held that a flip clause as described above is valid under English law. Contrary to this, however, in parallel proceedings the U.S. Bankruptcy Court has held that such a subordination provision is unenforceable under U.S. bankruptcy law and that any action to enforce such provision would violate the automatic stay which applies under such law in the case of a U.S. bankruptcy of the counterparty. The implications of this conflict remain unresolved.

If a creditor of the Issuer (such as the Swap Provider) or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales (including, but not limited to, the U.S.), and it is owed a payment by the Issuer, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the English law governed Transaction Documents (such as a provision of the applicable Priority of Payments which refers to the ranking of the Swap Provider's payment rights in respect of Hedge Subordinated Amounts). In particular, based on the decision of the U.S. Bankruptcy Court referred to above, there is a risk that such subordination provisions would not be upheld under U.S. bankruptcy laws. Such laws may be relevant in certain circumstances with respect to the Swap Provider given that it has assets and/or



operations in the U.S., notwithstanding that it is a non-U.S. established entity and/or with respect to any replacement counterparty, depending on certain matters in respect of that entity.

In relation to the Swap Agreement entered into with the Swap Provider or any replacement swap provider which is subject to an insolvency proceeding governed by French law, it is not certain that a French court would give effect to the provisions of the relevant Swap Agreement and the Transaction Documents subordinating payment of any Hedge Subordinated Amounts in the event of insolvency proceedings being commenced in respect of the Swap Provider or any replacement swap provider in France.

In relation to any such French insolvency proceeding which consists of the appointment of a *mandataire ad hoc* or a conciliation proceeding (*procédure de conciliation*), Ordinance no. 2014-326 dated 12 March 2014 (the "**2014 Ordinance**") expressly introduced the public order rule that clauses which modify the conditions of the continuation of an ongoing contract by reducing the rights or by increasing the obligations of a debtor incorporated in France on the ground that a *mandataire ad hoc* has been appointed or a conciliation proceeding has been opened (or a request for such appointment or opening has been made) must be set aside.

In relation to other types of French insolvency proceedings, there is no legal principle or case law directly and explicitly addressing the preservation of the rights of an insolvent company at a certain level of seniority which would be directly applicable to the assessment of the situation. Accordingly, it could be argued that the subordination provisions of the Swap Agreement and the Transaction Documents are not expressly prohibited under French law in such circumstances. However, the application of several legal insolvency principles create a risk of such subordination provisions being considered as unenforceable, including (i) the principle of continuation of ongoing contracts, (ii) the general objectives of safeguard (*sauvegarde*) or reorganisation (*redressement judiciaire*) proceedings and (iii) the principle introduced by the 2014 Ordinance to the extent that it would be considered as also applicable to other types of insolvency proceedings.

In general, if a subordination provision included in the Transaction Documents was successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales and any relevant foreign judgment or order was recognised by the English courts, there can be no assurance that such actions would not adversely affect the rights of the Noteholders, the market value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

Lastly, given the general relevance of the issues under discussion in the judgments referred to above and that the Transaction Documents will include terms providing for the subordination of Hedge Subordinated Amounts, there is a risk that the final outcome of the dispute in such judgments (including any recognition action by the English courts) may result in negative rating pressure in respect of the Notes. If any rating assigned to the Notes is lowered, the market value of the Notes may reduce.

## **7.8 Liquidation expenses**

Prior to the House of Lords' decision in the case of *Re Leyland Daf* [2004] UKHL 9 ("**Re Leyland Daf**"), the general position was that, in a liquidation of a company, the liquidation expenses ranked ahead of unsecured debts and floating chargees' claims. *Re Leyland Daf* reversed this position so that liquidation expenses could no longer be recouped out of assets subject to a floating charge. However, section 176ZA of the Insolvency Act 1986, which came into force on 6 April 2008, effectively reversed by statute the House of Lords' decision in *Re Leyland Daf*. As a result costs and expenses of liquidation will be payable out of floating charge assets in priority to the claims of the floating charge-holder. In respect of certain litigation expenses of the liquidator only, this is subject to the approval of the amount of such expenses by the floating charge-holder (or, in certain circumstances, the court) pursuant to rules 4.218A to 4.218E of the Insolvency Rules 1986. In

general, the reversal of *Re Leyland Daf* applies in respect of all liquidations commenced on or after 6 April 2008.

Therefore, floating charge realisations upon the enforcement of the floating charge security to be granted by the Issuer which would otherwise have been available to the Secured Creditors would be reduced by the amount of all, or a significant proportion of, any liquidation expenses which could have an adverse effect on the ability of the Issuer to make payments in respect of the Notes.

## **7.9 Fixed charges may take effect under English law as floating charges**

The law in England and Wales relating to the characterisation of fixed charges is unsettled. The fixed charges purported to be granted by the Issuer (other than by way of assignment or assignation in security) may take effect under English law as floating charges only, if, for example, it is determined that the Security Trustee does not exert sufficient control over the Charged Assets (although it should be noted that there is no equivalent concept of recharacterisation of fixed security as floating charges under Scots law). If the charges take effect as floating charges instead of fixed charges, then, as a matter of law, certain claims would have priority over the claims of the Security Trustee in respect of the floating charge assets.

The interest of the Secured Creditors in property and assets over which there is a floating charge will rank behind the expenses of any administration or liquidator and the claims of certain preferential creditors on enforcement of the Security. Section 250 of the Enterprise Act 2002 abolishes Crown Preference in relation to all insolvencies (and thus reduces the categories of preferential debts that are to be paid in priority to debts due to the holder of a floating charge) but section 176A of the Insolvency Act 1986 requires a "prescribed part" (up to a maximum amount of £600,000) of the floating charge realisations available for distribution to be set aside to satisfy the claims of unsecured creditors. This means that the expenses of any administration, the claims of preferential creditors and the beneficiaries of the prescribed part will be paid out of the proceeds of enforcement of the floating charge ahead of amounts due to Noteholders. The prescribed part will not be relevant to property subject to a valid fixed security interest or to a situation in which there are no unsecured creditors.

## **7.10 Legal considerations may restrict certain investments**

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) Notes are legal investments for it, (b) Notes can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

## **7.11 European Market Infrastructure Regulation**

EMIR came into force on 16 August 2012. EMIR (as amended by Regulation (EU) No 2019/834 ("**EMIR Refit 2.1**")) and the requirements under it impose certain obligations on parties to "over the counter" ("**OTC**") derivative contracts including (i) a mandatory clearing obligation for certain classes of OTC derivatives contracts (the "**Clearing Obligation**"), (ii) a margin posting obligation for OTC derivatives contracts not subject to clearing (the "**Collateral Obligation**"), (iii) other risk-mitigation techniques for OTC derivatives contracts not cleared by a central counterparty, and (iv) certain reporting and record-keeping requirements.

Under EMIR, counterparties can be classified as (i) financial counterparties ("**FCs**") (which, following changes made by EMIR Refit 2.1, includes a sub-category of small FCs), and (ii) non-financial counterparties. The latter classification is further split into: (i) non-financial counterparties

whose positions, together with the positions of all other non-financial counterparties in its "group" (as defined in EMIR), in OTC derivatives (excluding hedging positions) exceed a specified clearing threshold ("NFC+"), and (ii) non-financial counterparties below the clearing threshold ("NFC-"). Whereas FCs and NFC+ entities may be subject to the Clearing Obligation or, to the extent that the relevant swaps are not subject to clearing, to the Collateral Obligation, such obligations do not apply in respect of NFC- entities.

On the basis that the Issuer currently has the counterparty status of NFC-, neither the Clearing Obligation nor the Collateral Obligation should apply to it. If the Issuer's counterparty status as an NFC- changes then certain OTC derivatives contracts that are entered into by the Issuer may become subject to the Clearing Obligation or the Collateral Obligation. In this regard, it should be noted that it is not clear that the Swap Agreement would be a relevant type of OTC derivative contract that would be subject to the Clearing Obligation under the implementing measures made to date.

Notwithstanding the qualifications on application described above, the position of the Swap Agreement under each of the Clearing Obligation and Collateral Obligation is not entirely clear and may be affected by further measures still to be made, regulatory guidance and/or by any inability to rely on an exemption for any reason. In this regard, we note that the European authorities recently adopted a new regulation related to securitisation which is intended to apply from the start of 2019 and which is expected to include, amongst other things, amendments to EMIR, although the final text has not yet been published in the Official Journal. The amendments make provision for the development of technical standards further specifying an exemption from each of the obligations referred to above for certain OTC derivative contracts entered into by a securitisation special purpose entity in connection with certain securitisations.

If the classification of the Issuer changes and the Swap Agreement is regarded to be in-scope, then the Swap Agreement may become subject to the Clearing Obligation or (more likely) to the Collateral Obligation. Prospective investors should note that there is some uncertainty with respect to the ability of the Issuer to comply with these obligations if applicable, which may (i) lead to regulatory sanctions, (ii) adversely affect the ability of the Issuer to continue to be party to the Swap Agreement (possibly resulting in a restructuring or termination of the swap) and/or (iii) significantly increase the cost of such arrangements, thereby negatively affecting the ability of the Issuer to hedge certain risks. As a result, the amounts available to the Issuer to meet its obligations may be reduced, which may in turn result in investors receiving less interest or principal than expected.

The Issuer will be required to continually comply with EMIR while it is party to any interest rate swaps, including any additional provisions or technical standards which may come into force after the Closing Date, and this may necessitate amendments to the Transaction Documents. Subject to receipt by the Note Trustee of a certificate from (i) the Issuer signed by two directors or (ii) the Servicer on behalf of the Issuer, in each case, certifying to the Note Trustee and the Security Trustee that the amendments requested by the Issuer are to be made solely for the purpose of enabling the Issuer to satisfy its requirements under EMIR, the Note Trustee with the written consent of the Secured Creditors which are a party to the relevant Transaction Documents shall, without the consent or sanction of the Noteholders, the Certificateholders or any of the other Secured Creditors, agree to any modification to the Transaction Documents, the Conditions and/or the Residual Certificates Conditions that are requested in writing by the Issuer (acting in its own discretion or at the direction of any transaction party) in order to enable the Issuer to comply with any requirements which apply to it under EMIR. The Conditions of the Notes and the Residual Certificates Conditions require this to be done irrespective of whether such modifications are (i) materially prejudicial to the interests of the Noteholders of any Class of Notes or Residual Certificates or any other Secured Creditor or (ii) in respect of a Basic Terms Modification. Neither the Note Trustee nor the Security Trustee shall be obliged to agree to any modification if it would have the effect of exposing the Note Trustee and/or the Security Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or increasing the obligations or

duties, or decreasing the protections of the Note Trustee and/or the Security Trustee in the Transaction Documents and/or the Conditions of the Notes.

In respect of any modifications to any of the Transaction Documents which would have the effect of altering the amount, timing or priority of any payments due from the Issuer to the Swap Provider, (i) the prior written consent of the Swap Provider or (ii) written notification from the Issuer to the Note Trustee and the Security Trustee that Swap Provider consent is not needed, is also required prior to such amendments being made.

It should also be noted that the Securitisation Regulation (which applied in general from 1 January 2019), among other things, makes provisions for the development of technical standards in connection with the EMIR regime specifying (i) an exemption from clearing obligations and (ii) a partial exemption from the collateral exchange obligations for non-cleared OTC derivatives, in each case for "simple, transparent and standardised" (STS) securitisation swaps (subject to the satisfaction of the relevant conditions). The European Commission-adopted texts of the new legislation have been published in December 2019 and these are now subject to the scrutiny by the European Parliament and Council. Whilst it is expected that the new legislation will be finalised and become applicable in Q1 or Q2 2020, the exact date of application is unknown at this point.

As noted in the section titled "*Certain Regulatory Disclosures*", it is intended that an STS Notification will be submitted to ESMA. However, until the final new technical standards referred to above are in force, no assurance can be given that the Swap Agreement will meet the applicable exemption criteria provided therein. Notwithstanding the STS designation and the ability, as a result, to rely on the exemptions from clearing and collateral exchange obligations under the EMIR regime, the expectation is that the Issuer should not be required to comply with the EMIR collateral exchange obligations and clearing requirements for the reasons outlined above (being their NFC-status) in any event. The STS designation and the related forthcoming exemptions from collateral exchange obligations and clearing requirements are only likely to become relevant should the status under the EMIR of the Issuer change from NFC- to NFC+ or FC and, if applicable, should the Issuer Swaps be regarded as a type that is subject to EMIR clearing requirement.

## **7.12 Effects of the Volcker Rule on the Issuer**

The Issuer is of the view that it is not now, and immediately after giving effect to the offering and sale of the Notes and the application of the proceeds thereof on the Closing Date will not be a "covered fund" as defined in the regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended, commonly known as the "Volcker Rule". Although other exclusions may be available to the Issuer, this conclusion is based on the exemption from the definition of "investment company" in the U.S. Investment Company Act of 1940 provided by Section 3(c)(5) thereunder. The general effects of the Volcker Rule remain uncertain. Any prospective investor in the Notes or the Residual Certificates, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisers regarding such matters and other effects of the Volcker Rule.

## **7.13 U.S. Risk Retention Requirements**

Section 941 of the Dodd-Frank Act amended the Exchange Act to generally require the "securitizer" of a "securitization transaction" to retain at least 5 per cent. of the "credit risk" of "securitized assets", as such terms are defined for the purposes of that statute, and generally prohibit a securitizer from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the securitizer is required to retain. The U.S. Risk Retention Rules came into effect on 24 December 2016 with respect to all classes of asset-backed securitizations. The U.S. Risk Retention Rules provide that the securitizer of an asset backed securitization is its sponsor. The U.S. Risk Retention Rules also provide for certain exemptions from the risk retention obligation that they generally impose.

The Seller, as the sponsor under the U.S. Risk Retention Rules, does not intend to retain at least 5 per cent. of the credit risk of the securitized assets for purposes of compliance with the U.S. Risk Retention Rules, but rather intends to rely on an exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. Such non-U.S. transactions must meet certain requirements, including that (1) the transaction is not required to be and is not registered under the Securities Act; (2) no more than 10 per cent. of the dollar value (or equivalent amount in the currency in which the "ABS interests" (as defined in Section 2 of the U.S. Risk Retention Rules) are issued) of all classes of ABS interests issued in the securitization transaction are sold or transferred to, or for the account or benefit of, U.S. persons (as defined in the U.S. Risk Retention Rules, "**Risk Retention U.S. Persons**"); (3) neither the sponsor nor the issuer of the securitization transaction is organised under U.S. law or is a branch located in the United States of a non-U.S. entity; and (4) no more than 25 per cent. of the underlying collateral was acquired from a majority-owned affiliate or branch of the sponsor or issuer organised or located in the United States.

The Portfolio will be comprised of mortgage loans and their related security, all of which are originated by the Legal Title Holder and acquired by the Seller, each being a company incorporated in England. See the sections entitled "*The Seller*" and "*The Legal Title Holder and the Original Seller*".

Prior to any Notes or Residual Certificates which are offered and sold by the Issuer being purchased by, or for the account or benefit of, any Risk Retention U.S. Person, the purchaser of such Notes or Residual Certificates must first disclose to the Joint Lead Managers that it is a Risk Retention U.S. Person and obtain the written consent of the Seller in the form of a U.S. Risk Retention Consent. Prospective investors should note that the definition of U.S. person in the U.S. Risk Retention Rules is substantially similar to, but not identical to, the definition of U.S. person under Regulation S, and that persons who are not "U.S. persons" under Regulation S may be U.S. persons under the U.S. Risk Retention Rules. The definition of U.S. person in the U.S. Risk Retention Rules is excerpted below. Particular attention should be paid to clauses (b) and (h)(i) below, which are different than comparable provisions from Regulation S.

Under the U.S. Risk Retention Rules, and subject to limited exceptions, "U.S. person" (and "Risk Retention U.S. Person" as used in this Prospectus) means any of the following:

- (a) any natural person resident in the United States;
- (b) any partnership, corporation, limited liability company, or other organisation or entity organised or incorporated under the laws of any State or of the United States<sup>2</sup>;
- (c) any estate of which any executor or administrator is a U.S. person (as defined under any other clause of this definition);
- (d) any trust of which any trustee is a U.S. person (as defined under any other clause of this definition);
- (e) any agency or branch of a foreign entity located in the United States;
- (f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person (as defined under any other clause of this definition);
- (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; and

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<sup>2</sup> The comparable provision from Regulation S is "(ii) any partnership or corporation organised or incorporated under the laws of the United States.

- (h) any partnership, corporation, limited liability company, or other organisation or entity if:
  - (i) organised or incorporated under the laws of any foreign jurisdiction; and
  - (ii) formed by a U.S. person (as defined under any other clause of this definition) principally for the purpose of investing in securities not registered under the Securities Act<sup>3</sup>;

Each holder of a Note or a beneficial interest therein acquired on the Closing Date, by its acquisition of a Note or a beneficial interest in a Note, will be deemed, and, in certain circumstances, will be required to represent to the Issuer, the Seller and the Joint Lead Managers that it (1) either (i) is not a Risk Retention U.S. Person or (ii) it has obtained a U.S. Risk Retention Consent, (2) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Note and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules (including acquiring such Note through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10 per cent. Risk Retention U.S. Person limitation in the exemption provided for in Section 20 of the U.S. Risk Retention Rules described herein).

There can be no assurance that the requirement to request the Seller to give its prior written consent to any Notes or Residual Certificates which are offered and sold by the Issuer being purchased by, or for the account or benefit of, any Risk Retention U.S. Person will be complied with or will be made by such Risk Retention U.S. Persons.

There can be no assurance that the exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions will be available. No assurance can be given as to whether a failure by the Seller to comply with the U.S. Risk Retention Rules (regardless of the reason for such failure to comply) may give rise to regulatory action which may adversely affect the Notes, the Residual Certificates or the market value of the Notes and Residual Certificates. Furthermore, the impact of the U.S. Risk Retention Rules on the securitization market generally is uncertain, and a failure by the Seller to comply with the U.S. Risk Retention Rules could therefore negatively affect the market value and secondary market liquidity of the Notes and the Residual Certificates.

None of the Joint Lead Managers or any of their affiliates makes any representation to any prospective investor or purchaser of the Notes as to whether the transactions described in this Prospectus comply as a matter of fact with the U.S. Risk Retention Rules on the Closing Date or at any time in the future. Investors should consult their own advisors as to the U.S. Risk Retention Rules. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

## 8. TAX RISKS

### 8.1 UK Taxation treatment of the Issuer

The Issuer has been advised that it should fall within the permanent regime for the taxation of securitisation companies (as introduced by the Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296) (as amended) (the "**Securitisation Tax Regulations**")), and, as such, should be taxed only on the amount of its "retained profit" (as that term is defined in the Securitisation Tax Regulations), for so long as it satisfies the conditions of the Securitisation Tax Regulations. However, if the Issuer does not satisfy the conditions of the Securitisation Tax Regulations (or subsequently ceases to satisfy those conditions), then the Issuer may be subject to tax liabilities not contemplated in the cash flows for the transaction described in this Prospectus. Any such tax

<sup>3</sup> The comparable provision from Regulation S "(vii)(B) formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in 17 CFR 230.501(a)) who are not natural persons, estates or trusts.

liabilities may reduce amounts available to the Issuer to meet its obligations under the Notes and may result in investors receiving less interest and/or principal than expected.

## **8.2 Withholding tax under the Notes**

In the event that any withholding or deduction for or on account of any tax is imposed on payments in respect of the Notes, neither the Issuer nor any other person is obliged to gross up or otherwise compensate the Noteholders for such withholding or deduction. However, in such circumstances, the Issuer may, in accordance with Condition 8.4 (*Mandatory Redemption of the Notes for Taxation or Other Reasons*) of the Notes, be required (subject to certain conditions) to appoint a Paying Agent in another jurisdiction or use its reasonable endeavours to arrange the substitution of a company incorporated and/or tax resident in another jurisdiction approved in writing by the Note Trustee, as principal debtor under the Notes and the Trust Deed.

Provided that the Notes are and continue to be "listed on a recognised stock exchange" (within the meaning of section 1005 of the Income Tax Act 2007), as at the date of this Prospectus no withholding or deduction for or on account of United Kingdom income tax will be required on payments of interest on the Notes. However, there can be no assurance that the law in this area will not change during the life of the Notes.

The applicability of any withholding or deduction for or on account of United Kingdom tax on payments of interest on the Notes is discussed further under "*Taxation – United Kingdom Taxation*" below.

## **9. RISKS RELATING TO THE CHARACTERISTICS OF THE NOTES**

### **9.1 Registered Definitive Notes and denominations in integral multiples**

The Notes have a denomination consisting of a minimum authorised denomination of £100,000 plus higher integral multiples of £1,000. Accordingly, it is possible that the Notes may be traded in amounts in excess of the minimum authorised denomination that are not integral multiples of such denomination. In such a case, if Registered Definitive Notes are required to be issued, a Noteholder who holds a principal amount less than the minimum authorised denomination at the relevant time may not receive a Registered Definitive Note in respect of such holding and may need to purchase a principal amount of Notes such that their holding amounts to the minimum authorised denomination (or another relevant denomination amount).

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

### **9.2 Book-Entry Interests**

Unless and until Registered Definitive Notes are issued in exchange for the Book-Entry Interests, holders and beneficial owners of Book-Entry Interests will not be considered the legal owners or holders of the Notes under the Trust Deed. After payment to the Principal Paying Agent, the Issuer will not have responsibility or liability for the payment of interest, principal or other amounts in respect of the Notes to Euroclear or Clearstream, Luxembourg or to holders or beneficial owners of Book-Entry Interests.

A nominee for the common safekeeper for Euroclear and Clearstream, Luxembourg (the "**Common Safekeeper**") will be considered the registered holder of the Notes as shown in the records of Euroclear or Clearstream, Luxembourg and will be the sole legal holder of the Global Note under the Trust Deed while the Notes are represented by the Global Note. Accordingly, each person owning a Book-Entry Interest must rely on the relevant procedures of Euroclear and Clearstream, Luxembourg

and, if such person is not a participant in such entities, on the procedures of the participant through which such person owns its interest, to exercise any right of a Noteholder under the Trust Deed.

Except as noted in the previous paragraphs, payments of principal and interest on, and other amounts due in respect of, the Global Note will be made by the Principal Paying Agent to a nominee of the Common Safekeeper. Upon receipt of any payment from the Principal Paying Agent, Euroclear and Clearstream, Luxembourg, as applicable, will promptly credit participants' accounts with payments in amounts proportionate to their respective ownership of Book-Entry Interests as shown on their records. The Issuer expects that payments by participants or indirect participants to owners of Book-Entry Interests held through such participants or indirect participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers registered in "street name", and will be the responsibility of such participants or indirect participants. None of the Issuer, the Note Trustee, the Security Trustee, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, the Book-Entry Interests or for maintaining, supervising or reviewing any records relating to such Book-Entry Interests.

Unlike Noteholders, holders of the Book-Entry Interests will not have the right under the Trust Deed to act upon solicitations by or on behalf of the Issuer for consents or requests by or on behalf of the Issuer for waivers or other actions from Noteholders. Instead, a holder of Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear or Clearstream, Luxembourg (as the case may be) and, if applicable, their participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of Book-Entry Interests to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Event of Default under the Notes, holders of Book-Entry Interests will be restricted to acting through Euroclear and Clearstream, Luxembourg unless and until Registered Definitive Notes are issued in accordance with the relevant provisions described herein under "*Terms and Conditions of the Notes*" below. There can be no assurance that the procedures to be implemented by Euroclear and Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed.

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

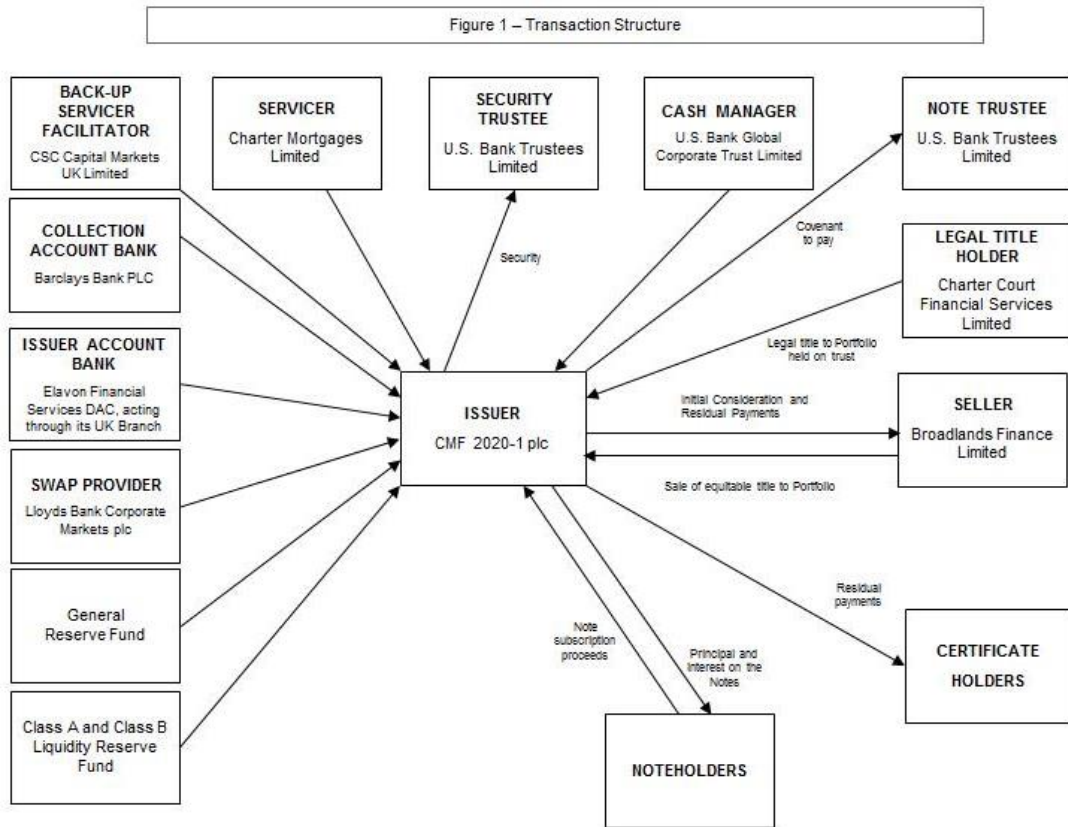
The lack of Notes in physical form could also make it difficult for a Noteholder to pledge such Notes if Notes in physical form are required by the party demanding the pledge and hinder the ability of the Noteholder to recall such Notes because some investors may be unwilling to buy Notes that are not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

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



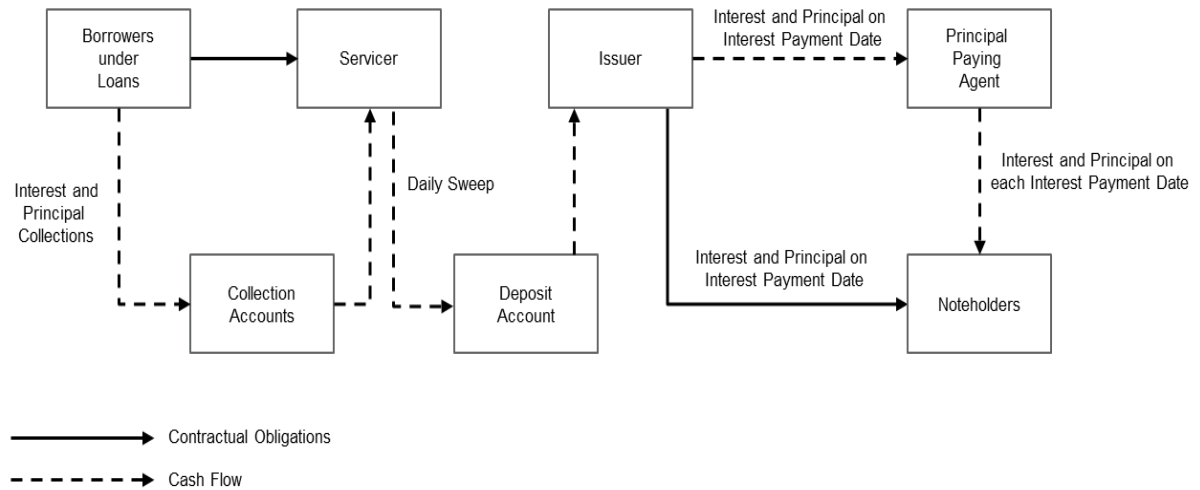
## STRUCTURE DIAGRAMS

### DIAGRAMMATIC OVERVIEW OF THE TRANSACTION



## DIAGRAMMATIC OVERVIEW OF ONGOING CASH FLOWS

Figure 2 – Cashflow Structure



The Issuer will purchase the Portfolio on the Closing Date.

## OWNERSHIP STRUCTURE DIAGRAM OF THE ISSUER

Figure 3 – Ownership Structure

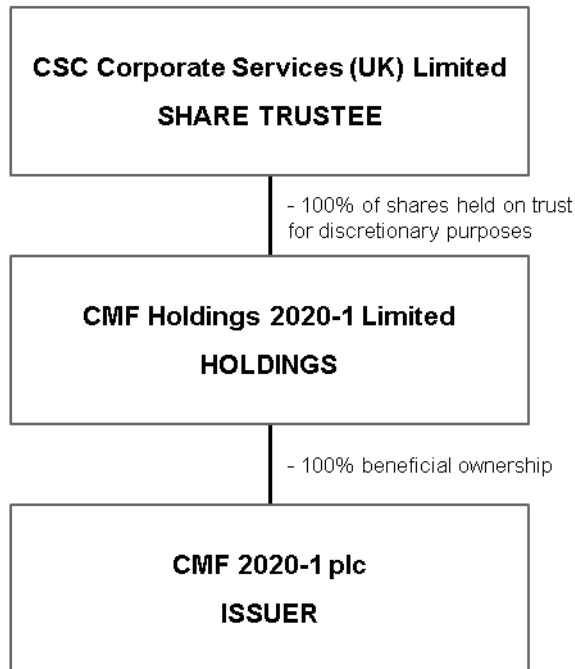


Figure 3 illustrates the ownership structure of the special purpose companies that are parties to the Transaction Documents, as follows:

- The Issuer is a wholly owned Subsidiary of Holdings in respect of its beneficial ownership.
- The entire issued share capital of Holdings is held on trust by the Share Trustee under the terms of a trust the benefit of which is expressed to be for discretionary purposes.
- None of the Issuer, Holdings or the Share Trustee is either owned, controlled, managed, directed or instructed, whether directly or indirectly, by the Seller or any member of the group of companies containing the Seller.

## TRANSACTION OVERVIEW

*The information set out below is an overview of various aspects of the transaction. This overview is not purported to be complete and should be read in conjunction with, and is qualified in its entirety by, references to the detailed information presented elsewhere in this Prospectus.*

**You should read the entire Prospectus carefully, especially the risks of investing in the Notes discussed under "Risk Factors".**

Capitalised terms used, but not defined, in certain sections of this Prospectus, including this overview, may be found in other sections of this Prospectus, unless otherwise stated. An index of defined terms is set out at the end of this Prospectus.

## TRANSACTION OVERVIEW – TRANSACTION PARTIES

Party	Name	Address	Document under which appointed/Further Information
"Issuer"	CMF 2020-1 PLC	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	See the section entitled " <i>The Issuer</i> " for further information.
"Holdings"	CMF Holdings 2020-1 Limited	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	See the section entitled " <i>Holdings</i> " for further information.
"Legal Title Holder"	Charter Court Financial Services Limited	2 Charter Court, Broadlands, Wolverhampton, WV10 6TD	See the section entitled " <i>The Legal Title Holder and the Original Seller</i> " for further information.
"Servicer"	Charter Mortgages Limited	2 Charter Court, Broadlands, Wolverhampton WV10 6TD	Servicing Agreement by the Issuer. See the sections entitled " <i>Summary of the Key Transaction Documents – Servicing Agreement</i> " and " <i>The Servicer</i> " for further information.
"Seller"	Broadlands Finance Limited	2 Charter Court, Broadlands, Wolverhampton WV10 6TD	See the section entitled " <i>Summary of the Key Transaction Documents – Mortgage Sale Agreement</i> " and " <i>The Seller</i> " for further information.

<b>Party</b>	<b>Name</b>	<b>Address</b>	<b>Document under which appointed/Further Information</b>
<b>"Cash Manager"</b>	U.S. Bank Global Corporate Trust Limited	125 Old Broad Street, Fifth Floor, London EC2N 1AR	Cash Management Agreement by the Issuer. See the sections entitled " <i>Summary of the Key Transaction Documents – Cash Management Agreement</i> " and " <i>The Cash Manager</i> " for further information.
<b>"Swap Provider"</b>	Lloyds Bank Corporate Markets plc	25 Gresham Street, London EC2V 7HN	Swap Agreement by the Issuer. See the sections entitled " <i>Credit Structure – Interest Rate Risk for the Notes – Swap Agreement</i> " and " <i>The Swap Provider</i> " for further information.
<b>"Issuer Account Bank"</b>	Elavon Financial Services DAC, UK Branch	125 Old Broad Street, Fifth Floor, London EC2N 1AR	The Bank Account Agreement by the Issuer. See the sections entitled " <i>Summary of the Key Transaction Documents – The Bank Account Agreement</i> " and " <i>Issuer Account Bank</i> " for further information.
<b>"Collection Account Bank"</b>	Barclays Bank PLC	One Churchill Place, London E14 5HP	The Collection Account Agreement by CCFS as the account holder. See the sections entitled " <i>Summary of the Key Transaction Documents – The Collection Accounts Declaration of Trust</i> ", " <i>Summary of the Key Transaction Documents – The Collection Account Agreement</i> " and " <i>The Collection Account Bank</i> " for further information.
<b>"Original Seller"</b>	Charter Court Financial Services Limited	2 Charter Court, Broadlands, Wolverhampton, WV10 6TD	See the section entitled " <i>The Legal Title Holder and the Original Seller</i> " for further information.
<b>"Security Trustee"</b>	U.S. Bank Trustees Limited	125 Old Broad Street, Fifth Floor, London EC2N 1AR	Deed of Charge. See the sections entitled " <i>Terms and Conditions of the Notes</i> " and " <i>The Note Trustee and Security Trustee</i> " for further information.

<b>Party</b>	<b>Name</b>	<b>Address</b>	<b>Document under which appointed/Further Information</b>
<b>"Note Trustee"</b>	U.S. Bank Trustees Limited	125 Old Broad Street, Fifth Floor, London EC2N 1AR	Trust Deed. See the sections entitled " <i>Terms and Conditions of the Notes</i> " and " <i>The Note Trustee and Security Trustee</i> " for further information.
<b>"Principal Paying Agent" and "Agent Bank"</b>	Elavon Financial Services DAC, UK Branch	125 Old Broad Street, Fifth Floor, London EC2N 1AR	Agency Agreement by the Issuer. See the section entitled " <i>Terms and Conditions of the Notes</i> " for further information.
<b>"Registrar"</b>	Elavon Financial Services DAC	Block E, Cherrywood Business Park, Loughlinstown, Dublin, Ireland	In respect of the Notes and Residual Certificates, the Agency Agreement, by the Issuer. See the section entitled " <i>Terms and Conditions of the Notes</i> " for further information.
<b>"Corporate Services Provider"</b>	CSC Capital Markets UK Limited	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Corporate Services Agreement by the Issuer and Holdings. See the section entitled " <i>The Corporate Services Provider and Back-Up Servicer Facilitator</i> " for further information.
<b>"Back-Up Servicer Facilitator"</b>	CSC Capital Markets UK Limited	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Servicing Agreement by the Issuer. See the section entitled " <i>Summary of the Key Transaction Documents – Servicing Agreement</i> " for further information.
<b>"Share Trustee"</b>	CSC Corporate Services (UK) Limited	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Share Trust Deed by the Share Trustee.
<b>"Arranger"</b>	Lloyds Bank Corporate Markets plc	25 Gresham Street, London EC2V 7HN	Subscription Agreement. See the section entitled " <i>Subscription and Sale</i> " for further information.
<b>"Joint Lead Manager"</b>	Merrill Lynch International	2 King Edward Street, London ECA 1HQ	Subscription Agreement. See the section entitled " <i>Subscription and Sale</i> " for further information.

<b>Party</b>	<b>Name</b>	<b>Address</b>	<b>Document under which appointed/Further Information</b>
<b>"Joint Lead Manager"</b>	Lloyds Bank Corporate Markets plc	25 Gresham Street, London EC2V 7HN	Subscription Agreement. See the section entitled <i>"Subscription and Sale"</i> for further information.

## TRANSACTION OVERVIEW – PORTFOLIO AND SERVICING

*Please refer to the sections entitled "Summary of the Key Transaction Documents – Mortgage Sale Agreement", "Summary of the Key Transaction Documents – Servicing Agreement", "Characteristics of the Provisional Portfolio" and "The Loans" for further detail in respect of the characteristics of the Portfolio and the sale and the servicing arrangements in respect of the Portfolio.*

### **Sale of Portfolio:**

The Portfolio will consist of the Loans (and their Related Security) originated by CCFS and which will be sold by CCFS as the Original Seller to the Seller and by the Seller to the Issuer on the Closing Date pursuant to the Mortgage Sale Agreement.

The English Loans and their Related Security are governed by English law and the Scottish Loans and their Related Security are governed by Scots law.

The sale by the Original Seller to the Seller and by the Seller to the Issuer of each English Loan and its Related Security in the Portfolio will be given effect by an equitable assignment.

The sale by the Original Seller to the Seller and by the Seller to the Issuer of each Scottish Loan and its Related Security in the Portfolio will be given effect by a Scottish Declaration of Trust by the Legal Title Holder (at the direction and with the consent of the Seller) in favour of the Issuer granted on the Closing Date. On and from (and including) the Closing Date, CCFS as the Legal Title Holder will hold the legal title on bare trust for the Issuer (which, in respect of Scottish Loans and their Related Security shall be pursuant to the Scottish Declaration of Trust).

The terms "**sale**", "**sell**" and "**sold**" when used in this Prospectus in connection with the Loans and their Related Security shall be construed to mean each such creation of an equitable interest and such equitable assignment and the beneficial interest created under and pursuant to the Scottish Declaration of Trust, as applicable. The terms "**repurchase**" and "**repurchased**" when used in this Prospectus in connection with a Loan and its Related Security shall be construed to include (A) the repurchase of the equitable interest of the Issuer in respect of such Loan and its Related Security (to the extent that it is an English Loan) and the repurchase of the beneficial interest in respect of such Loan and its Related Security (to the extent that it is a Scottish Loan) under the Scottish Declaration of Trust and release of such Loan and its Related Security from the Scottish Declaration of Trust and (B) the purchase by the Seller of such Loan and its Related Security from the Issuer pursuant to the terms of the Mortgage Sale Agreement.

Prior to the occurrence of a Perfection Event as set out below, notice of the sale of the Loans and their Related Security comprising the Portfolio will not be given to the relevant individual or individuals specified as borrowers in respect of a Loan or the individual or individuals from time to time assuming an obligation to repay (under a guarantee or otherwise) such Loan or any part of it (collectively, the "**Borrowers**" and each a



"Borrower") and the Issuer will not apply to the Land Registry or the Registers of Scotland to register or record its equitable or beneficial interest in the English Mortgages or take any steps to compete or perfect its title to the Scottish Mortgages. Prior to the occurrence of a Perfection Event, the legal title to each Loan and its Related Security in the Portfolio will be held by the Legal Title Holder on bare trust for the Issuer (including, in respect of a Scottish Loan, under the Scottish Trust). Following a Perfection Event and notice of the transfer of the Loans and their Related Security to the Issuer being sent to the relevant Borrowers, legal title to the Loans and their Related Security (subject to appropriate registration or recording at the Land Registry or the Registers of Scotland (as appropriate)) will pass to the Issuer.

#### Features of the Loans:

Except as otherwise indicated, the following is a summary of certain features of the Loans comprising the Provisional Portfolio determined by reference to the features of each loan in the Provisional Portfolio as at the Portfolio Reference Date and investors should refer to, and carefully consider, further details in respect of the Loans set out in the sections of this Prospectus entitled "*The Loans*" and "*Characteristics of the Provisional Portfolio*". The Loans comprise loans to prime residential Borrowers and are secured by first priority charges or (in Scotland) first ranking standard securities over freehold, heritable and leasehold properties in England, Wales or Scotland.

Type of Borrower	Prime		
Type of mortgage	Repayment and Interest-only		
Right-to-Buy Loans	Yes		
Buy-To-Let Loans	No		
Interest-only Loans	Yes		
Equity Release Mortgage Loans	No		
Owner-occupied properties	Yes		
Owner-occupied properties (as % of Current Balance)	100%		
Fast Track	No		
Number of loans in the Provisional Portfolio*	2,085		
	Average/ Weighted Average	Minimum	Maximum
Current Balance*	£168,071.82	£22,284.64	£829,925.72
Current	69.87%	5.44%	86.76%

<sup>\*</sup> As at the Portfolio Reference Date.  
<sup>\*</sup> As at the Portfolio Reference Date.

LTV\*

Seasoning (months)*	10.89	0.23	75.56
Remaining Term (years)*	25.49	3.45	34.97

The "**Current Balance**" of a Loan means, on any date, the aggregate balance of the Loan at such date (but without double counting) including:

- (a) the original principal amount advanced to the relevant Borrower secured or intended to be secured by the related Mortgage and which has not been paid, repaid or prepaid by the relevant Borrower; and
- (b) any interest, disbursement, legal expense, fee, charge, rent, service charge, premium or payment which has not been paid by the relevant Borrower and which has been properly capitalised in accordance with the relevant Mortgage Conditions or with the relevant Borrower's consent and added to the amounts secured or intended to be secured by the related Mortgage; and
- (c) any other amount (including, for the avoidance of doubt, Accrued Interest and Arrears of Interest) which is due or accrued (whether or not due) and which has not been paid by the relevant Borrower and has not been capitalised in accordance with the relevant Mortgage Conditions or with the relevant Borrower's consent but which is secured or intended to be secured by the related Mortgage other than any administrative fee that is paid by the Borrower for the benefit of any third party and/or retained by the Servicer in accordance with the terms of the Servicing Agreement,

on the basis of the start of day position on such date (which for the avoidance of doubt is inclusive of any interest rate accrual amount relating to the previous month or otherwise that has been applied on such day but is exclusive of any other payments or postings on such date) and any reference to the Current Balance of a loan contained in the Provisional Portfolio shall be construed as if it were a Loan contained in the Portfolio.

**Consideration:**

The consideration from the Issuer to the Seller in respect of the sale of the Portfolio shall be: (a) the Initial Consideration, which is due and payable on the Closing Date and (b) deferred consideration consisting of the RC1 Payments and RC2 Payments in respect of the Portfolio payable pursuant to the applicable Priority of Payments, the right to such RC1 Payments and RC2 Payments being represented by the RC1 Residual Certificates and RC2 Residual Certificates to be issued by the Issuer and delivered to, or at the direction of, the Seller on the Closing Date.

"**Initial Consideration**" means £331,399,746.57.

Any RC1 Payment will be paid to the RC1 Certificateholder and any RC2 Payment will be paid to the RC2 Certificateholder in accordance with the Pre-Enforcement Revenue Priority of Payments or the Post-Enforcement

Priority of Payments (as applicable).

The Original Seller, as directed by the Seller, shall transfer to the Issuer within two Business Days of the Closing Date an amount equal to all Collections received on the Loans and their Related Security comprised in the Portfolio from (and including) 1 February 2020 to (but excluding) the Closing Date.

**Representations and Warranties:**

The Seller will make certain Loan Warranties regarding the Loans and Related Security to the Issuer and the Security Trustee in relation to the Loans and their Related Security comprised in the Portfolio on the Closing Date.

In addition to representations and warranties in respect of the legal nature of the Loans and their Related Security, there are also asset Loan Warranties which include the following:

- (a) all of the Borrowers are individuals and were aged 21 years or older as at the date of execution of the Loan;
- (b) each Loan was granted to the relevant Borrower for the acquisition of their main residence;
- (c) to the best of the Seller's knowledge, no Borrower has:
  - (i) filed for bankruptcy or entered into an individual voluntary arrangement, trust deed or debt arrangement scheme (in terms of the Debt Arrangement and Attachment (Scotland) Act 2002 and the Debt Arrangement Scheme (Scotland) Regulations 2011, both as amended) or had a county court judgment, Scottish court decree for payment or bankruptcy order or award for sequestration entered or made against them within six years prior to the date they executed the relevant Loan; or
  - (ii) a credit assessment indicating, based on the Seller's underwriting policy, a significant risk that contractually agreed payments will not be made;
- (d) no Loan was or is: (i) a Buy-to-Let Loan or (ii) a Self-Certified Loan;
- (e) no Borrower is an employee or director of the Seller or the Legal Title Holder;
- (f) each Loan is secured by (in the case of English Loans) a first ranking mortgage or (in the case of Scottish Loans) a first ranking standard security;
- (g) the rate of interest under each Loan is charged monthly in accordance with the Standard Documentation, including any offer letter and the terms thereof;
- (h) each Loan has a term ending no later than the end of December 2054;

- (i) at least one Monthly Instalment due in respect of each Loan has been paid by the relevant Borrower;
- (j) each Loan was at the time of origination and continues to be denominated in Sterling;
- (k) with the exception of certain allowable fees being added to the aggregate balance of the Loan, the original advance being made under each Loan was more than £22,500 but less than £850,000 as at the relevant date of origination;
- (l) all of the Properties are residential properties located in England, Wales or Scotland;
- (m) the Mortgage Conditions for each Loan do not permit Payment Holidays;
- (n) no Loan is a Flexible Loan;
- (o) prior to the granting of each Loan, the Lending Criteria and all other conditions precedent to making the Loan were satisfied in all material respects, subject to such exceptions as would be acceptable to a Reasonable, Prudent Residential Mortgage Lender; and
- (p) the Mortgage Conditions for each Loan do not require the Legal Title Holder to agree to any Further Advance or any Port.

**"Reasonable, Prudent Residential Mortgage Lender"** means a reasonably prudent residential mortgage lender lending to borrowers in England, Wales and Scotland of the type contemplated in the Lending Criteria from time to time on terms similar to those set out in the relevant Lending Criteria.

**"Lending Criteria"** means in respect of a Loan, the lending criteria of the Legal Title Holder as at the date such Loan was granted. See the sections entitled *"Summary of the Key Transaction Documents – Mortgage Sale Agreement"* and *"The Loans – Lending Criteria"* for further details.

See the section entitled *"Summary of the Key Transaction Documents – Mortgage Sale Agreement – Representations and Warranties"* for further details.

#### **Repurchase of the Loans and Related Security:**

The Seller is liable for the repurchase of the relevant Loans and their Related Security in the following circumstances:

- upon a material breach of Loan Warranties (which the Seller fails to remedy within the agreed grace period, being 35 days from and including the date upon which the Issuer give notice to the Seller of such breach); and
- if the Legal Title Holder determines on a Calculation Date that a Loan in the Portfolio was a Significant

Deposit Loan on the immediately preceding Collection Period Start Date.

**"Significant Deposit Loan"** means a Loan where (i) the Legal Title Holder holds the legal title, and (ii) the relevant Borrower has a deposit holding with the Legal Title Holder and the balance of such deposit holding exceeds the maximum amount covered under the FSCS.

**Consideration for repurchase:**

The consideration payable by the Seller or the Original Seller (in the case of a material breach of Loan Warranties) or by the Legal Title Holder (in the case of a Significant Deposit Loan) in respect of the repurchase of an affected Loan and its Related Security shall be equal to the Current Balance of such Loan (disregarding for the purposes of any such calculation the extent to which the Current Balance of such Loan has been reduced as a result of the exercise of any set-off right which the relevant Borrower has against the Seller, the amount of any such reduction in the Current Balance) on the relevant date of any such repurchase, plus the Issuer's costs and expenses (if any) associated with the transfer of such Loan and its Related Security to the Seller. See the section entitled *"Summary of the Key Transaction Documents – Mortgage Sale Agreement - Repurchase by the Seller or Original Seller or Legal Title Holder – Repurchase price"* for further information.

**Perfection Events:**

Prior to the completion of the transfer of legal title of the Loans and their Related Security to the Issuer, legal title of the Loans and their Related Security will remain with the Legal Title Holder and the Issuer will hold only the equitable title or, in relation to any Scottish Loans and their Related Security, the beneficial interest in those Loans and their Related Security pursuant to the Scottish Declaration of Trust and will therefore be subject to certain risks as set out in the risk factor entitled *"Legal Title Holder to initially retain legal title to the Loans and risks relating to set-off"* in the section entitled *"Risk Factors"*.

Pursuant to the Mortgage Sale Agreement, prior to the completion of the transfer of legal title of the Loans and their Related Security to the Issuer, the Legal Title Holder will hold the legal title to the Loans and their Related Security in the Portfolio (but excluding any Loan and its Related Security which has been repurchased by the Seller or the Legal Title Holder) on bare trust for the Issuer (which, in respect of Scottish Loans and their Related Security, shall be pursuant to the Scottish Declaration of Trust).

See *"Perfection Events"* in the section entitled *"Transaction Overview – Triggers Tables – Non-Rating Triggers Table"*.

**Servicing of the Portfolio:**

The Servicer agrees to service the Loans to be sold to the Issuer and their Related Security on behalf of the Issuer and, where applicable, the Legal Title Holder. Following the service of an Enforcement Notice, the Servicer shall act at the direction of the Security Trustee. The appointment of the Servicer may be terminated by the Issuer and/or the Security Trustee if any Servicer Termination Event occurs and is continuing (see *"Servicer Termination Events"* in the *"Transaction Overview – Triggers Tables - Non-Rating Triggers Table"*).

The Servicer may also resign by giving not less than three months' notice to the Issuer and the Security Trustee and subject to, *inter alia*, a replacement servicer having been appointed. See the section entitled "*Summary of the Key Transaction Documents – Servicing Agreement*" below.

**Option Holder may exercise the Call Option:**

Pursuant to the Call Option, the Option Holder may, pursuant to and subject to the terms of the Deed Poll, require (or where the Option Holder is the Seller, request) the Issuer to:

- (a) sell and transfer to a Beneficial Title Transferee the beneficial title to all (but not some) of the Loans and their Related Security comprising the Portfolio in consideration for the Optional Purchase Price; and
- (b) (if applicable) transfer the legal title to all (but not some) of the Loans and their Related Security comprising the Portfolio, or if, at the time the Call Option is exercised, the Issuer does not hold legal title, the right to require the Issuer to procure that the Legal Title Holder transfers legal title, to a Legal Title Transferee,

on any Interest Payment Date falling on or after (i) the Optional Redemption Date, (ii) any Collection Period Start Date on which the aggregate Current Balance of the Loans (excluding any Enforced Loans) was equal to or less than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date or (iii) a change in tax law that results in the Issuer or the Swap Provider being required to make a deduction or withholding for or on account of tax or the occurrence of certain illegality events.

See the section entitled "*Early Redemption of the Collateralised Notes*" below.

**Purchase of Notes**

The Transaction Documents do not require the Seller to purchase the Notes under any circumstances. The Seller covenants in the Mortgage Sale Agreement that any purchase or repurchase of positions in the securitisation by the Seller (or an entity that is an originator within the meaning of Article 4(1)(13) of the Capital Requirements Regulation in relation to the securitisation constituted by the Transaction Documents as a related entity of the Seller (a "**Group Originator**") beyond its contractual obligations would be exceptional and in any event only relate to the purchase or repurchase (in whole or in part) of the Most Senior Class of Notes, and any such purchase or repurchase, and any repurchase, restructuring or substitution of underlying assets by the Seller (or a Group Originator) beyond its contractual obligations would be made in accordance with prevailing market conditions with the parties to them acting in their own interest as free and independent parties (arm's length).

## TRANSACTION OVERVIEW – SUMMARY OF THE TERMS AND CONDITIONS OF THE NOTES AND THE RESIDUAL CERTIFICATES

*Please refer to the section entitled "Terms and Conditions of the Notes" for further detail in respect of the terms of the Notes. Please refer to the Section entitled "**Terms and Conditions of the Residual Certificates**" for further detail in respect of the terms of the Residual Certificates*

### FULL CAPITAL STRUCTURE OF THE NOTES

	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class X Notes	RC1 Residual Certificates	RC2 Residual Certificates
Principal Amount:	£301,722,000	£9,893,000	£8,244,000	£8,244,000	£1,649,000	£6,595,000		
Credit enhancement features:	Overcollateralisation funded by other Collateralised Notes, Revenue Receipts prior to the service of an Enforcement Notice, and following service of an Enforcement Notice, all amounts credited to the Class A and Class B Liquidity Reserve Fund Ledger and the General Reserve Fund Ledger	Overcollateralisation funded by other Collateralised Notes (other than the Class A Notes), Revenue Receipts prior to the service of an Enforcement Notice, and, following service of an Enforcement Notice, all amounts credited to the Class A and Class B Liquidity Reserve Fund Ledger and the General Reserve Fund Ledger	Overcollateralisation funded by the Class D Notes and the Class E Notes, Revenue Receipts prior to the service of an Enforcement Notice, and, following service of an Enforcement Notice, all amounts credited to the Class A and Class B Liquidity Reserve Fund Ledger and the General Reserve Fund Ledger	Overcollateralisation funded by the Class E Notes, Revenue Receipts prior to the service of an Enforcement Notice, and, following service of an Enforcement Notice, all amounts credited to the Class A and Class B Liquidity Reserve Fund Ledger and the General Reserve Fund Ledger	Revenue Receipts prior to the service of an Enforcement Notice, the availability of the and, following service of an Enforcement Notice, all amounts credited to the Class A and Class B Liquidity Reserve Fund Ledger and the General Reserve Fund Ledger	Revenue Receipts and following service of an Enforcement Notice, all amounts credited to the Class A and Class B Liquidity Reserve Fund Ledger and the General Reserve Fund Ledger	N/A	N/A
Liquidity support features	Subordination in payment of the other Notes, Available Redemption Receipts applied as Principal Addition Amounts to provide for any Senior Expenses Deficit and the amounts credited to the Class A and Class B Liquidity Reserve Fund and the General Reserve Fund	Subordination in payment of the Class C Notes, the Class D Notes, the Class E Notes and the Class X Notes, Available Redemption Receipts applied as Principal Addition Amounts to provide for any Senior Expenses Deficit and the amounts credited to the Class A and Class B Liquidity Reserve Fund and the General Reserve Fund	Subordination in payment of the Class D Notes, the Class E Notes and the Class X Notes, Available Redemption Receipts applied as Principal Addition Amounts to provide for any Senior Expenses Deficit and the amounts credited to the General Reserve Fund	Subordination in payment of the Class E Notes and the Class X Notes, Available Redemption Receipts applied as Principal Addition Amounts to provide for any Senior Expenses Deficit and the amounts credited to the General Reserve Fund	Subordination in payment of the Class X Notes, Available Redemption Receipts applied as Principal Addition Amounts to provide for any Senior Expenses Deficit and the amounts credited to the General Reserve Fund	None		

	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class X Notes	RC1 Residual Certificates	RC2 Residual Certificates
Issue Price:	100%	100%	100%	100%	100%	100%	N/A	N/A
Reference Rate:	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	N/A	N/A
Margin (payable up to and including the Optional Redemption Date)	0.600% per annum	1.000% per annum	1.250% per annum	1.600% per annum	2.440% per annum	2.240% per annum	N/A	N/A
Step-Up Margin (payable after the Optional Redemption Date)	0.900% per annum	1.500% per annum	1.875% per annum	2.400% per annum	3.440% per annum	2.240% per annum	N/A	N/A
Interest Accrual Method:	Actual/365 (Fixed)	Actual/365 (Fixed)	Actual/365 (Fixed)	Actual/365 (Fixed)	Actual/365 (Fixed)	Actual/365 (Fixed)	N/A	N/A
Interest Payment Dates:	16th day of each month in each year	16th day of each month in each year	16th day of each month in each year	16th day of each month in each year	16th day of each month in each year	16th day of each month in each year	N/A	N/A
First Interest Payment Date:	16 April 2020	16 April 2020	16 April 2020	16 April 2020	16 April 2020	16 April 2020	N/A	N/A
Final Maturity Date:	The Interest Payment Date falling in January 2057	The Interest Payment Date falling in January 2057	The Interest Payment Date falling in January 2057	The Interest Payment Date falling in January 2057	The Interest Payment Date falling in January 2057	The Interest Payment Date falling in January 2057	N/A	N/A
Optional Redemption Date:	The Interest Payment Date falling in March 2024	The Interest Payment Date falling in March 2024	The Interest Payment Date falling in March 2024	The Interest Payment Date falling in March 2024	The Interest Payment Date falling in March 2024	The Interest Payment Date falling in March 2024	N/A	N/A
Application for Exchange Listing:	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin	N/A	N/A
ISIN:	XS2096745216	XS2096745307	XS2096745729	XS2096745992	XS2096749127	XS2096749390	XS2097438688	XS2097439066
Common	209674521	209674530	209674572	209674599	209674912	209674939	209743868	209743906



Code:	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class X Notes	RC1 Residual Certificates	RC2 Residual Certificates
CFI:	DAVNFR	DAVXFR	DAVXFR	DAVXFR	DAVXFR	DAVXFR	DAXNFR	DAXNFR
FISN:	CMF 2020-1 PLC/VARASST BKD 20570116	CMF 2020-1 PLC/VARASST BKD 20570116	CMF 2020-1 PLC/VARASST BKD 20570116	CMF 2020-1 PLC/VARASST BKD 20570116	CMF 2020-1 PLC/VARASST BKD 20570116	CMF 2020-1 PLC/VARASST BKD 20570116	CMF 2020-1 PLC/ASST BKD 20570116	CMF 2020-1 PLC/ASST BKD 20570116
Ratings (Fitch/ Moody's):	AAAsf / Aaa(sf)	AA+sf / Aa2(sf)	A+sf/ Aa3(sf)	BBB+sf/ Baa1(sf)	BBB-sf/ Ba1(sf)	BB+sf/ Baa2(sf)	Not rated	Not rated
Minimum Denomination	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000	N/A	N/A
Governing law of the Notes	English	English	English	English	English	English	English	English

As of the date of this Prospectus, each of the Rating Agencies is a credit rating agency established in the EU and is registered under Regulation (EU) No 1060/2009.

## TRANSACTION OVERVIEW - Overview of the Characteristics of the Notes and the Residual Certificates

### Ranking and Form of the Notes:

On the Closing Date, the Issuer will issue the following classes of Notes under the Trust Deed:

- Class A Mortgage Backed Floating Rate Notes due January 2057 (the "**Class A Notes**");
- Class B Mortgage Backed Floating Rate Notes due January 2057 (the "**Class B Notes**");
- Class C Mortgage Backed Floating Rate Notes due January 2057 (the "**Class C Notes**");
- Class D Mortgage Backed Floating Rate Notes due January 2057 (the "**Class D Notes**");
- Class E Mortgage Backed Floating Rate Notes due January 2057 (the "**Class E Notes**");
- Class X Mortgage Backed Floating Rate Notes due January 2057 (the "**Class X Notes**"),

and together, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes are the "**Collateralised Notes**". The Collateralised Notes together with the Class X Notes are the "**Notes**" and the holders thereof, the "**Noteholders**".

The Notes will be issued in registered form. Each Class of Notes will be issued pursuant to Regulation S and will be cleared through Euroclear and/or Clearstream, Luxembourg, as set out in "*Description of the Global Notes*" below.

### Residual Certificates:

On the Closing Date, the Issuer will also issue to the Seller the RC1 Residual Certificates and RC2 Residual Certificates under the Trust Deed (the "**Residual Certificates**" and the holders thereof, the "**RC1 Certificateholders**" and the "**RC2 Certificateholders**", respectively and together, the "**Certificateholders**") representing the right to receive the RC1 Payments and the RC2 Payments, respectively, by way of deferred consideration for the Issuer's purchase of the Portfolio.

Each Class of the Residual Certificates will be cleared through Euroclear and/or Clearstream, Luxembourg, as set out in "*Description of the Global Residual Certificates*" below.

### Sequential Order:

The Class A Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times.

The Class B Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes.

The Class C Notes rank *pro rata* and *pari passu* without preference or priority

among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes and the Class B Notes.

The Class D Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes, the Class B Notes and the Class C Notes.

The Class E Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes.

The Class X Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to all payments under the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes.

The RC1 Residual Certificates rank *pro rata* and *pari passu* without preference or priority among themselves in relation to RC1 Payments at all times and the RC2 Residual Certificates rank *pro rata* and *pari passu* without preference or priority among themselves in relation to RC2 Payments at all times, and are subordinate to all payments due in respect of the Notes.

The Notes within each Class will rank *pro rata* and *pari passu* without any preference or priority among themselves as to payments of principal and interest at all times.

Certain amounts due by the Issuer to its other Secured Creditors (and, prior to the service of an Enforcement Notice only, certain unsecured creditors) will rank in priority to all Classes of the Notes and Residual Certificates.

#### **Security:**

Pursuant to a deed of charge made between, among others, the Issuer and the Security Trustee (the "**Deed of Charge**"), the Notes and Residual Certificates will all share the same Security. Certain other amounts, being the amounts owing to the other Secured Creditors, will also be secured by the Security.

Pursuant to the Deed of Charge on the Closing Date, the Notes and Residual Certificates will be secured by, among other things, the following security (the "**Security**"):

- (a) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge over) the Issuer's rights, title, interest and benefit in and to the Transaction Documents (other than the Trust Deed, the Deed of Charge, the Scottish Supplemental Charge and the Scottish Declaration of Trust) and any sums derived therefrom (provided that the assignment by way of security of the Issuer's rights under the Swap Agreement shall be subject to any rights of set-off or netting provided for thereunder);
- (b) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge over) the Issuer's interest in the English Loans and their Related Security and other related rights comprised in the Portfolio (other than in respect of Scottish Loans) and any sums derived therefrom;

- (c) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge over) the Issuer's rights, title, interest and benefit to and under Insurance Policies assigned to the Issuer pursuant to the Mortgage Sale Agreement;
- (d) an assignation in security of the Issuer's beneficial interest in the Scottish Loans and their Related Security (comprising the Issuer's beneficial interest under the trust declared by the Legal Title Holder over such Scottish Loans and their Related Security for the benefit of the Issuer pursuant to the Scottish Declaration of Trust);
- (e) a charge by way of first fixed charge over the Issuer's interest in its bank and/or securities accounts (including the Deposit Account and the Swap Collateral Account) maintained with the Issuer Account Bank and any other bank or custodian and any sums or securities standing to the credit thereof;
- (f) an assignment by way of first fixed security of (and, to the extent not assigned, a charge by way of first fixed charge over) (but subject to the right of reassignment) the benefit of the Issuer's rights, title, interest and benefit under the Non-DD Collection Account Trust (created pursuant to the Non-DD Collection Account Declaration of Trust together with the Non-DD Collection Account Accession Undertaking) and the Collection Accounts Trust (created pursuant to the Collection Accounts Declaration of Trust);
- (g) a charge by way of first fixed charge over the Issuer's interest in all Authorised Investments permitted to be made by the Issuer or the Cash Manager (acting on the instructions of the Servicer) on its behalf; and
- (h) a floating charge over all assets of the Issuer not otherwise subject to the charges referred to above or otherwise effectively assigned by way of security including over all of the Issuer's property, assets, rights and revenues as are situated in Scotland or governed by Scots law (whether or not the subject of the charges referred to above as aforesaid).

See "*Summary of the Key Transaction Documents – Deed of Charge*" below.

<b>Interest Provisions:</b>	Please refer to the " <i>Transaction Overview – Summary of the Terms and Conditions of the Notes – Full Capital Structure of the Notes</i> " table above and as fully set out in Condition 6 ( <i>Interest</i> ).
<b>Deferral:</b>	Interest due and payable on the Most Senior Class of Notes may not be deferred. Interest due and payable on the Notes (other than the Most Senior Class of Notes) may be deferred in accordance with Condition 18 ( <i>Subordination by Deferral</i> ).
<b>Gross-up:</b>	None of the Issuer or any Paying Agent or any other person will be obliged to gross-up if there is any withholding or deduction in respect of the Notes on account of taxes.

**Redemption:**

The Notes are subject to the following redemption events:

- mandatory redemption in whole on the Interest Payment Date falling in January 2057 (the "**Final Maturity Date**"), as fully set out in Condition 8.1 (*Redemption at Maturity*);
- mandatory redemption in part on any Interest Payment Date commencing on the first Interest Payment Date but prior to the service of an Enforcement Notice subject:

(X) to the availability of Available Redemption Receipts (to the extent not applied to cover any Senior Expenses Deficit) which shall be applied:

- (a) first, on a *pari passu* and *pro rata* basis to repay the Class A Notes until they are repaid in full;
- (b) second, on a *pari passu* and *pro rata* basis to repay the Class B Notes until they are repaid in full;
- (c) third, on a *pari passu* and *pro rata* basis to repay the Class C Notes until they are repaid in full;
- (d) fourth, on a *pari passu* and *pro rata* basis to repay the Class D Notes until they are repaid in full;
- (e) fifth, on a *pari passu* and *pro rata* basis to repay the Class E Notes until they are repaid in full; and

(Y) to the availability (in respect of the Class X Notes) of Available Revenue Receipts applied in accordance with the Pre-Enforcement Revenue Priority of Payments to repay the Class X Notes until they are repaid in full.

- mandatory redemption of the Collateralised Notes in full and the cancellation of the Residual Certificates following the exercise by the Option Holder of the Call Option, as fully set out in Conditions 8.3 (*Mandatory Redemption of the Notes in Full*) or 8.4 (*Mandatory Redemption of the Notes for Taxation or Other Reasons*);

Any Note redeemed pursuant to the above redemption provisions will be redeemed at an amount equal to its Principal Amount Outstanding together with accrued (and unpaid) interest on its Principal Amount Outstanding up to (but excluding) the date of redemption.

**Expected Average Lives of the Notes:**

The actual average lives of the Notes cannot be stated, as the actual rate of repayment of the Loans and redemption of the Loans and a number of other relevant factors are unknown. However, calculations of the possible average lives of the Notes can be made based on certain assumptions as described under "*Weighted Average Lives of the Notes*" below.

**Event of Default:**

As fully set out in Condition 11 (*Events of Default*) and Residual Certificates Condition 10 (*Events of Default*), which includes, among other events, (where relevant, subject to the applicable grace period):

- subject to the deferral provisions in Condition 18 (*Subordination by Deferral*), non-payment of interest and/or principal in respect of the Notes and such non-payment continues for a period of three Business Days in the case of interest and five Business Days in the case of principal;
- failure to pay any amount due in respect of the Residual Certificates and the default continues for more than 14 Business Days;
- breach of any material contractual obligations by the Issuer under the Transaction Documents if such breach is incapable of remedy or, if it is capable of remedy, has not been remedied within the applicable grace period;
- any material representation made by the Issuer is incorrect when given if the matters giving rise to such misrepresentation is incapable of remedy or, if it is capable of remedy, has not been remedied within the applicable grace period; and
- the occurrence of certain insolvency related events in relation to the Issuer.

Following the occurrence of an Event of Default, the Note Trustee may (or if so directed by the holders of the Most Senior Class of Notes, shall) serve an Enforcement Notice on the Issuer that all Classes of Notes are immediately due and payable provided that the Note Trustee is indemnified and/or prefunded and/or secured to its satisfaction. Following service of an Enforcement Notice to the Issuer, the Security Trustee may enforce the Security.

**Limited Recourse and Non-Petition:**

The Notes are limited recourse obligations of the Issuer, and, if not repaid in full, amounts outstanding are subject to a final write-off, which is described in more detail in Condition 12.4 (*Limited Recourse*). In accordance with Condition 12.3 (*Limitations on Enforcement*), no Noteholder may proceed directly against the Issuer unless the Note Trustee or the Security Trustee, having become bound to do so, fails to do so within a reasonable period of time and such failure is continuing.

The Certificateholders are only entitled to funds which are available to the Issuer in accordance with the applicable Priority of Payments and therefore the Residual Certificates are limited recourse obligations of the Issuer.

**Governing Law:**

English law (other than any terms of the Transaction Documents which are particular to Scots law which will be construed in accordance with Scots law).

## Transaction Overview - Rights of Noteholders and Certificateholders and Relationship with Other Secured Creditors

*Please refer to the sections entitled "Terms and Conditions of the Notes", "Terms and Conditions of the Residual Certificates" and "Risk Factors" for further detail in respect of the rights of Noteholders and Certificateholders, conditions for exercising such rights and relationship with other Secured Creditors.*

**Prior to an Event of Default:** Prior to the occurrence of an Event of Default, Noteholders holding not less than 10 per cent. of the Principal Amount Outstanding of the Notes then outstanding or, as applicable, Certificateholders holding not less than 10 per cent. of the number of Residual Certificates then in issue, are entitled to convene a Noteholders' meeting or a Certificateholders' meeting respectively.

However, so long as no Event of Default has occurred and is continuing, neither the Noteholders nor the Certificateholders are entitled to instruct or direct the Issuer to take any actions, either directly or through the Note Trustee, without the consent of the Issuer and, if applicable, certain other transaction parties, unless the Issuer has an obligation to take such actions under the relevant Transaction Documents.

**Following an Event of Default:** Following the occurrence of an Event of Default, Noteholders may, if they hold not less than 25 per cent. of the Principal Amount Outstanding (or, in the case of a Class of Residual Certificates, 25 per cent. in number of the holders of such Class then in issue) of the Most Senior Class, or if an Extraordinary Resolution of the holders of the Most Senior Class is passed, direct the Note Trustee to give an Enforcement Notice to the Issuer that all classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding together with accrued (but unpaid) interest or that all RC1 Payments or RC2 Payments pursuant to the Residual Certificates are immediately due and payable, as applicable. The Note Trustee shall not be bound to take any such action unless first indemnified and/or prefunded and/or secured to its satisfaction.

### Noteholders and Certificateholders Meeting provisions:

	<i>Initial meeting</i>	<i>Adjourned meeting</i>
Notice period:	At least 21 clear days (and no more than 365 calendar days)	At least 10 clear days (and not more than 42 clear days)
Quorum:	Subject to more detailed provisions of the Trust Deed, one or more persons present and representing in aggregate not less than 25 per cent. of the Principal Amount Outstanding of the	Subject to more detailed provisions of the Trust Deed, one or more persons present and representing in aggregate not less than 10 per cent. of the Principal Amount Outstanding of the

relevant Class or Classes of Notes then outstanding or holding or representing not less than 25 per cent. of the relevant Class or Classes of Residual Certificates then in issue, as applicable, for transaction of business including the consideration of an Ordinary Resolution. The quorum for considering an Extraordinary Resolution (other than a Basic Terms Modification) shall be one or more persons present and representing in aggregate not less than 50 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes then outstanding or holding or representing not less than 50 per cent. of the relevant Class or Classes of Residual Certificates then in issue, as applicable. The quorum for considering a Basic Terms Modification at a meeting of any affected Class or Classes of Notes or (if affected) of Residual Certificates shall be one or more persons eligible to attend and vote at such meeting holding or representing in aggregate not less than 75 per cent. of the aggregate Principal Amount Outstanding of such Class of Notes and, in the case of the

relevant Class or Classes of Notes then outstanding or holding or representing not less than 10 per cent. of the relevant Class or Classes of Residual Certificates then in issue, as applicable, for transaction of business including the considering of an Ordinary Resolution. The quorum for considering an Extraordinary Resolution (other than a Basic Terms Modification) shall be one or more persons present and representing in aggregate not less than 25 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes then outstanding or holding or representing not less than 25 per cent. of the relevant Class or Classes of Residual Certificates then in issue, as applicable. The quorum for considering a Basic Terms Modification at a meeting of any affected Class or Classes of Notes or (if affected) of Residual Certificates shall be one or more persons eligible to attend and vote at such meeting holding or representing in aggregate not less than 50 per cent. of the aggregate Principal Amount Outstanding of such Class of Notes and, in the case of the



	Residual Certificates, holding or representing not less than 75 per cent. of such Class of Residual Certificates then in issue, as applicable.	Residual Certificates, holding or representing not less than 50 per cent. of such Class of Residual Certificates then in issue, as applicable.
Required majority for Ordinary Resolution:	A clear majority of persons eligible to attend and vote at such meeting and voting at that meeting upon a show of hands or, if a poll is duly demanded, by a clear majority of the votes cast on such poll.	
Required majority for Extraordinary Resolution:	Majority consisting of not less than three-quarters of persons eligible to attend and vote at such meeting and voting at such meeting upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than three-quarters of the votes cast on such poll.	
Required majority for a written resolution:	Not less than 75 per cent. in aggregate Principal Amount Outstanding of the relevant Class of Notes or not less than 75 per cent. in number of the holders of the relevant Class of Residual Certificates then in issue. A written resolution has the same effect as an Extraordinary Resolution.	
Time and place	Every such meeting shall be held at such time and place as the Note Trustee may appoint or approve, provided that the place shall be a location in the United Kingdom (or, if applicable, the European Union).	

#### **Matters requiring**

#### **Extraordinary Resolution:**

The following matters require an Extraordinary Resolution of the Noteholders (and, in the case of a Basic Terms Modification, an Extraordinary Resolution of the Certificateholders), as set out in the Trust Deed:

- to sanction or to approve a Basic Terms Modification;
- to sanction any compromise or arrangement proposed to be made between, among others, the Issuer or any other party to any Transaction Document;
- to sanction any abrogation, modification, compromise or arrangement in respect of the rights of, among others, the Note Trustee or any other party to any Transaction Document against any other or others of them or against any of their property whether such rights arise under the Trust Deed, any other Transaction Document or otherwise;

- to approve the substitution of any person for the Issuer as principal debtor under the Notes or the Residual Certificates other than in accordance with Condition 8.4 (*Mandatory Redemption of the Notes for Taxation or Other Reasons*), Condition 13.19 (*Issuer Substitution Condition*) or Residual Certificates Condition 12.18 (*Issuer Substitution Condition*);
- to assent to any modification of the Trust Deed or any other Transaction Document which is proposed by the Issuer or any other party to any Transaction Document or any Noteholder or Certificateholder, other than those modifications which are sanctioned by the Note Trustee without the consent or sanction of the Noteholders in accordance with the terms of the Trust Deed;
- to direct the Note Trustee to serve an Enforcement Notice;
- to remove the Note Trustee and/or the Security Trustee;
- to approve the appointment of a new Note Trustee and/or Security Trustee;
- to approve the appointment of a substitute Servicer in circumstances where the Servicer has resigned and the appointment of the substitute Servicer in the opinion of the Security Trustee could have an adverse effect on the rating of the Notes or if it is not clear to the Security Trustee whether the rating for the Notes will be maintained as the rating before the termination of the Servicer;
- to authorise the Note Trustee, the Security Trustee and/or any Appointee to execute all documents and do all things necessary to give effect to any Extraordinary Resolution;
- to discharge or exonerate the Note Trustee, Security Trustee and/or any Appointee from any liability in respect of any act or omission for which it may become responsible under the Trust Deed or the Notes;
- to appoint any persons as a committee to represent the interests of the Noteholders or the Certificateholders and to confer upon such committee any powers which the Noteholders or the Certificateholders could themselves exercise by Extraordinary Resolution; and
- to sanction any scheme or proposal for the exchange, sale, conversion or cancellation of the Notes or the Residual Certificates for or partly or wholly in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities

of the Issuer or any other company or partly or wholly in consideration of cash; or

- to give any other authorisation or sanction which under the Trust Deed or any other Transaction Document is required to be given by Extraordinary Resolution.

See Condition 12 (*Enforcement*) in the section entitled "*Terms and Conditions of the Notes*" for more detail.

**Relationship between  
Classes of Noteholders and  
Certificateholders:**

Subject to the provisions governing a Basic Terms Modification, an Extraordinary Resolution of the holders of a relevant Class of Notes shall be binding on all other holders of Classes of Notes which are subordinate to such Class of Notes in the Post-Enforcement Priority of Payments and on the Residual Certificates, irrespective of the effect upon them. No Extraordinary Resolution of any other Class of Noteholders or of the Certificateholders shall take effect for any purpose while the Most Senior Class remains outstanding unless it shall have been sanctioned by an Extraordinary Resolution of the holders of the Most Senior Class, or the Note Trustee and/or Security Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of the Most Senior Class.

The voting rights of the Certificateholders are limited to the extent that any Ordinary Resolution or Extraordinary Resolution of the Certificateholders is only effective if, while any Classes of Notes remain outstanding, such resolution has been sanctioned by an Ordinary Resolution or Extraordinary Resolution, respectively, of the Most Senior Class and all other Classes of Notes then outstanding or (in the case of all other Classes of Residual Certificates) in issue, or the Note Trustee and/or Security Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of the Most Senior Class.

A Basic Terms Modification requires an Extraordinary Resolution of the holders of the relevant affected Class or Classes of Notes and/or Residual Certificates then in issue, as applicable (unless the Note Trustee and/or Security Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the holders of those affected Classes of Notes and/or Residual Certificates, as applicable).

Subject to the provisions governing a Basic Terms Modification and the foregoing paragraphs, a resolution which, in the opinion of the Note Trustee, affects the interests of the holders of:

- (a) Notes and/or Residual Certificates of only one Class shall be deemed to have been duly passed if passed at a separate meeting (or by a separate resolution in writing or by a separate resolution passed by way of consents received through the relevant Clearing System(s)) of the holders of that Class of Notes and/or Residual Certificates so affected;
- (b) Notes and/or Residual Certificates of more than one Class but does not give rise to an actual or potential conflict of interest between the holders of such Notes and/or Residual Certificates of more than

one Class shall be deemed to have been duly passed if passed at a single meeting (or by a single resolution in writing or by a single resolution passed by way of consents received through the relevant Clearing System(s)) of the holders of the Notes and/or Residual Certificates of each such Class;

- (c) one or more Classes of Notes and/or Residual Certificates and gives or may give rise to, an actual or potential conflict of interest between the holders of such Notes and/or Residual Certificates, shall be deemed to have been duly passed only if passed at separate meetings (or by separate resolutions in writing or by separate resolutions passed by way of consents received through the relevant Clearing System(s)) of the holders of each such Class of Notes and/or Residual Certificates so affected;
- (d) one or more Classes of Notes and/or Residual Certificates but does not give rise to, an actual or potential conflict of interest between the holders of such Notes and/or Residual Certificates, shall be deemed to have been duly passed if passed at a single meeting (or by a single resolution in writing or by a single resolution passed by way of consents received through the relevant Clearing System(s)) of the holders of each such Class of Notes and/or Residual Certificates so affected; and
- (e) two or more Classes of Notes and/or Residual Certificates and gives, or may give, rise to an actual or potential conflict of interest between the holders of such Classes of Notes and/or Residual Certificates, shall be deemed to have been duly passed only if passed at separate meetings (or by separate resolutions in writing or by separate resolutions passed by way of consents received through the relevant Clearing System(s)) of the holders of each such Class of Notes and/or Residual Certificates so affected.

**"Clearing System"** means Euroclear and/or Clearstream, Luxembourg and includes in respect of any Note and/or Residual Certificate any clearing system on behalf of which such Note and/or Residual Certificate is held or which is the holder or (directly or through a nominee) registered owner of a Note and/or a Residual Certificate, in either case whether alone or jointly with any other Clearing System(s).

**Relationship between  
Noteholders and other  
Secured Creditors:**

So long as any of the Notes are outstanding, neither the Security Trustee nor the Note Trustee shall have regard to the interests of the other Secured Creditors.

So long as the Notes are outstanding, the Note Trustee will have regard to the interests of each class of the Noteholders, but if in the Note Trustee's sole opinion there is a conflict between the interests of any Classes of Notes, it will have regard solely to the interests of the holders of the relevant affected Class of Notes ranking in priority to the other relevant Classes of Notes in the Post-Enforcement Priority of Payments and the holders of such subordinated Classes of Notes shall have no claim against the Note Trustee for so doing.

So long as any Notes are outstanding and there is a conflict between the

interests of the Noteholders, the Certificateholders and the other Secured Creditors, the Security Trustee will take into account the interests of the Noteholders only in the exercise of its discretion. So long as the Notes have been redeemed in full but any Secured Obligations remain outstanding and there is a conflict of interest between the Certificateholders and the Secured Creditors (other than the Noteholders and the Certificateholders), the Security Trustee will take into account the interests of the Certificateholders (and not the other Secured Creditors) only in the exercise of its discretion.

**"Secured Obligations"** means any and all of the monies and liabilities which the Issuer covenants and undertakes to pay or discharge under the Issuer's covenant to pay as set out in the Deed of Charge.

**Relevant Person as  
Noteholder or  
Certificateholder:**

For certain purposes, including the determination as to whether Notes are deemed outstanding or Residual Certificates are deemed in issue, for the purposes of convening a meeting of the Noteholders or Certificateholders, those Notes or Residual Certificates (if any) which are for the time being held by or on behalf of or for the benefit of the Seller, any Holding Company of any of them or any other Subsidiary of either such Holding Company (each such entity a **"Relevant Person"**), in each case as beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding or in issue, except where all of the Notes and/or the Residual Certificates of any Classes are held by or on behalf of or for the benefit of one or more Relevant Persons, in which case such Classes of Notes and/or Residual Certificates (the **"Relevant Class"**) shall be deemed to remain outstanding or in issue (as the case may be), except that, if there is any other Class of Notes and/or Residual Certificates ranking (with regard to the definition of Most Senior Class) *pari passu* with, or junior to, the Relevant Class and one or more Relevant Persons are not the beneficial owners of all the Notes and/or Residual Certificates of such Class, then the Relevant Class shall be deemed not to remain outstanding and provided that in relation to a matter relating to a Basic Terms Modification any Notes or the Residual Certificates which are for the time being held by or on behalf of or for the benefit of a Relevant Person, in each case as beneficial owner, shall be deemed to remain outstanding or in issue, as applicable.

**Provision of Information to  
the Noteholders and  
Certificateholders:**

The Cash Manager, acting as agent of the Issuer, will prepare a monthly investor report in respect of the relevant Collection Period detailing, among other things, certain aggregated loan file data (as provided to the Cash Manager by the Servicer) in relation to the Portfolio (the **"Investor Report"**) and which shall:

- (a) as required by and in accordance with Articles 7(1)(e) and 43(8) of the Securitisation Regulation, from the Closing Date and prior to the relevant technical standards being prepared under the Securitisation Regulation coming into effect, contain at least the information set out in Annex VIII of the Delegated Regulation (EU) No 2015/3; and
- (b) following the relevant technical standards being prepared under the Securitisation Regulation coming into effect, be in such format as

agreed between the Issuer, the Servicer and the Cash Manager.

The Cash Manager shall make available such Investor Report to the Servicer in accordance with the terms of the Cash Management Agreement. The defined terms used in the Investor Reports shall, by reference, incorporate the defined terms set out generally in the Prospectus and more specifically in the Master Definitions and Construction Schedule. Each Investor Report will be published by the Servicer on the European DataWarehouse website at <https://editor.eurodw.eu/home> and by the Cash Manager on the website at [pivot.usbank.com](https://pivot.usbank.com).

The Cash Manager, acting as agent of the Issuer, will also:

- (a) following the relevant technical standards being prepared under the Securitisation Regulation coming into effect, with the assistance of the Servicer, prepare a monthly investor report in respect of the relevant Collection Period, as required by and in accordance with Article 7(1)(e) of the Securitisation Regulation and make available such report to the Servicer (the "**SR Investor Report**"); and
- (b) on receipt from the Issuer (or the Servicer on its behalf) or the Seller of the applicable information in the form agreed between the Issuer, the Seller and the Cash Manager, the Cash Manager will prepare Annex XIV Inside Information or Significant Event Information required to be reported pursuant to Article 7(1)(f) or 7(1)(g) (as applicable) of the Securitisation Regulation and make available such information to the Servicer (the "**SR Inside Information and Significant Event Report**") as soon as practicable.

Without prejudice to its obligations under the Cash Management Agreement, the Cash Manager has no liability or responsibility for any breaches under the Securitisation Regulation, the responsibility for which lies solely with the Issuer, the Originator and the Seller.

The Cash Manager will also publish any SR Investor Report and any SR Inside Information and Significant Event Report on the website at [pivot.usbank.com](https://pivot.usbank.com).

For so long as the Notes are outstanding, the Servicer on behalf of the Issuer and CCFS will:

- (a) publish the Investor Report and, following the relevant technical standards being prepared under the Securitisation Regulation coming into effect, the SR Investor Report on the European DataWarehouse website at <https://editor.eurodw.eu/home>; and
- (b) prepare and publish on a monthly basis certain loan-by-loan information in relation to the Portfolio in respect of the relevant Collection Period as required by and in accordance with Article 7(1)(a) of the Securitisation Regulation (the "**Loan Level Information**"),

simultaneously (to the extent required under Article 7(1) of the Securitisation Regulation) with the Investor Report or SR Investor Report, as applicable on the European DataWarehouse website at <https://editor.eurodw.eu/home>; and

- (c) publish without delay the SR Inside Information and Significant Event Report on the European DataWarehouse website at <https://editor.eurodw.eu/home>; and
- (d) within 15 days of the issuance of the Notes, make available via the website of European DataWarehouse at <https://editor.eurodw.eu/home> copies of the Transaction Documents and this Prospectus.

The Servicer will make such information available to the holders of any of the Notes, relevant competent authorities and to potential investors in the Notes.

CCFS as Originator shall make available or procure on demand, from the Closing Date until the date the last Note is redeemed in full, a liability cashflow model (the "**Cash Flow Model**") to investors, either directly or indirectly through one or more entities which provide such Cash Flow Models, which precisely represents the contractual relationship between the Loans and the payments flowing between the Seller, investors in the Notes, other third parties and the Issuer. The Cash Flow Model shall be made available (i) prior to pricing of the Notes to potential investors, and (ii) on an ongoing basis and to investors in the Notes and to potential investors in the Notes upon request on Moody's Analytics website at <https://boeportal.co.uk/GlobalPortal/Account/login.aspx>.

Each Investor Report, SR Investor Report, Loan Level Information and SR Inside Information and Significant Event Report will be published by the Servicer by means of a securitisation repository or (where no securitisation repository is registered in accordance with Article 10 of the Securitisation Regulation) by means of the website of European DataWarehouse at <https://editor.eurodw.eu/home>, being a website which conforms to the requirements set out in Article 7(2) of the Securitisation Regulation, or any other website which may be notified by the Originator from time to time provided that such replacement or additional website conforms to the requirements set out in Article 7(2) of the Securitisation Regulation. None of the reports or the website or the contents thereof form part of this Prospectus.

Information required to be made available prior to pricing to potential investors in the Notes pursuant to Article 7 of the Securitisation Regulation was made available by means of the website of European DataWarehouse at <https://editor.eurodw.eu/home>.

For the purposes of Article 7(2) of the Securitisation Regulation, CCFS is responsible for compliance with the requirements of Article 7 and will either fulfil such requirements itself or shall procure that such requirements are complied with on its behalf.

**Communication with Noteholders:**

Any notice to be given by the Issuer or the Note Trustee to Noteholders shall be given in the following manner:

- (a) Subject to paragraph (d) below, any notice to Noteholders shall be validly given if published in the *Financial Times*, or, if such newspaper shall cease to be published or, if timely publication therein is not practicable, in such other English newspaper or newspapers as the Note Trustee shall approve in advance having a general circulation in the United Kingdom, provided that if, at any time, (i) the Issuer procures that the information concerned in such notice shall appear on a page of the Reuters screen, the Bloomberg screen or any other medium for electronic display of data as may be previously approved in writing by the Note Trustee and notified to Noteholders (in each case a "**Relevant Screen**"), or (ii) paragraph (c) below applies and the Issuer has so elected, publication in the newspaper set out above or such other newspaper or newspapers shall not be required with respect to such notice.
- (b) In respect of Notes in definitive form, notices to Noteholders will be sent to them by first class post (or its equivalent) or (if posted to an address outside the United Kingdom) by airmail at the respective addresses on the Register. Any such notice will be deemed to have been given on the fourth day after the date of posting.
- (c) While the Notes are represented by Global Notes, notices to Noteholders will be valid if published as described above, or, at the option of the Issuer, if submitted to Euroclear and/or Clearstream, Luxembourg for communication by them to Noteholders. Any notice delivered to Euroclear and/or Clearstream, Luxembourg, as aforesaid shall be deemed to have been given on the day of such delivery.
- (d) So long as the relevant Notes are admitted to trading on, and listed on the official list of, Euronext Dublin all notices to the Noteholders will be valid if published in a manner which complies with the rules and regulations of Euronext Dublin (which includes delivering a copy of such notice to Euronext Dublin) and any such notice will be deemed to have been given on the date sent to Euronext Dublin.

The Note Trustee shall be at liberty to sanction some other method where, in its sole opinion, the use of such other method would be reasonable having regard to market practice then prevailing and to the requirements of the stock exchanges, competent listing authorities and/or the quotation systems on or by which the Notes are then listed, quoted and/or traded and provided that notice of such other method is given to Noteholders in such manner as the Note Trustee shall require.

**Right of Modification without Noteholder Consent:**

Pursuant to and in accordance with the provisions of Condition 13.6 (*Additional Right of Modification*) and Residual Certificates Condition 12.6 (*Additional Right of Modification*), the Note Trustee shall be obliged,



without any consent or sanction of the Noteholders, the Certificateholders, or any other Secured Creditor to concur with the Issuer in making any modification (other than in respect of a Basic Terms Modification) to the Conditions, the Residual Certificates Conditions, the Trust Deed or any other Transaction Document for the purposes of:

- complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time;
- complying with any obligation which applies to it (i) under Article 6 of the Securitisation Regulation, including as a result of the adoption of regulatory technical standards in relation to the Securitisation Regulation, Regulation (EU) (2017/2401) (the "**CRR Amendment Regulation**") or (ii) any other risk retention legislation or regulations or official guidance in relation thereto, provided that the Issuer certifies in writing to the Note Trustee and the Security Trustee that such modification is required solely for such purpose and has been drafted solely to such effect;
- for the purpose of complying with any changes in the requirements of the Securitisation Regulation, including relating to the treatment of the Notes as a simple, transparent and standardised securitisation and together with any implementing regulation, technical standards and official guidance related thereto, in each case as amended, varied or substituted from time to time after the Closing Date, including as a result of any changes to any secondary legislation or official guidance in relation thereto (including the appointment of a third party to assist with the Issuer's reporting obligations pursuant to the Securitisation Regulation), provided that the Issuer certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- complying with, or implementing or reflecting, any changes in the manner in which the Notes are held which will allow Bank of England's sterling monetary framework, that is, in a manner which would allow such Notes to be recognised as eligible collateral for the Bank of England's monetary policy and intra-day credit operations by the Bank of England either upon issue or at any or all times during the life of the Notes, provided that the Issuer certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- enabling the Notes to be (or to remain) listed on Euronext Dublin;
- enabling the Issuer or any of the other Transaction Parties to comply with FATCA;
- complying with any changes in the requirements of the CRA Regulation after the Closing Date, including as a result of the

adoption of regulatory technical standards in relation to the CRA thereto; or

- changing the reference rate or the base rate that then applies in respect of the Notes to an alternative base rate (including an alternative base rate where such base rate may remain linked to SONIA but may be calculated in a different manner) (a "**Base Rate Modification**").

## TRANSACTION OVERVIEW – CREDIT STRUCTURE AND CASHFLOW

*Please refer to the sections entitled "**Credit Structure**" and "**Cashflows**" for further detail in respect of the credit structure and cash flow of the transaction.*

### **Available Funds of the Issuer:**

Prior to an Enforcement Notice being served on the Issuer, the Cash Manager on behalf of the Issuer will apply Available Revenue Receipts and Available Redemption Receipts on each Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments and the Pre-Enforcement Redemption Priority of Payments respectively, as set out below.

**"Available Revenue Receipts"** means, for each Interest Payment Date, an amount equal to the aggregate of (without double counting):

- (a) all Revenue Receipts or, if in a Determination Period, any Calculated Revenue Receipts, in each case excluding any Reconciliation Amounts to be applied as Available Redemption Receipts on that Interest Payment Date, received by the Issuer:
  - (i) during the immediately preceding Collection Period; or
  - (ii) if representing amounts received in respect of any repurchases of Loans and their Related Security by the Seller or the Original Seller or the Legal Title Holder pursuant to the Mortgage Sale Agreement, from but excluding the Collection Period Start Date immediately preceding the immediately preceding Interest Payment Date (or, in the case of the first Interest Payment Date, from and including the Closing Date) to and including the immediately preceding Collection Period Start Date;
- (b) interest payable to the Issuer on the Issuer Accounts and received in the immediately preceding Collection Period (other than any amount of interest or income received in respect of any Swap Collateral) and income from any Authorised Investments to be received on or prior to the Interest Payment Date (other than any amount of income received in respect of the Swap Collateral);
- (c) amounts received or to be received by the Issuer under or in connection with the Swap Agreement (other than (i) any early termination amount received by the Issuer under the Swap Agreement, (ii) Swap Collateral, (iii) any Replacement Swap Premium paid to the Issuer, and (iv) amounts in respect of Swap Tax Credits on such Interest Payment Date other than, in each case, any Swap Collateral Account Surplus which is to be applied as Available Revenue Receipts in accordance with the Swap Collateral Account Priority of Payments);
- (d) on each Interest Payment Date up to but excluding the Class B Redemption Date, the Class A and Class B Liquidity Reserve Fund Excess Amount;
- (e) on the Class B Redemption Date only, all amounts standing to the credit of the Class A and Class B Liquidity Reserve Fund Ledger (after first having applied any Class A and Class B Liquidity Reserve Fund

Release Amount in meeting any Class A and Class B Liquidity Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order they appear in the Pre-Enforcement Revenue Priority of Payments and debiting such amount from the Class A and Class B Liquidity Reserve Fund Ledger);

- (f) on each Interest Payment Date up to and including the Final Redemption Date, the General Reserve Fund Excess Amount;
- (g) on each Interest Payment Date following a Determination Period, any Reconciliation Amounts deemed to be Available Revenue Receipts in accordance with Condition 6.8(c) (*Determinations and Reconciliation*);
- (h) amounts credited to the Deposit Account on the previous Interest Payment Date in accordance with item (v) of the Pre-Enforcement Revenue Priority of Payments;
- (i) amounts representing the Optional Purchase Price received by the Issuer upon the sale of the Loans and their Related Security comprising the Portfolio further to the exercise of the Call Option; and
- (j) other net income of the Issuer received during the immediately preceding Collection Period, excluding any Redemption Receipts;
- (k) amounts determined to be applied as Available Revenue Receipts on the immediately succeeding Interest Payment Date in accordance with item (g) of the Pre-Enforcement Redemption Priority of Payment;

*less:*

- (l) amounts applied from time to time during the immediately preceding Collection Period in making payment of certain monies which properly belong to third parties (including the Seller) such as (but not limited to):
  - certain costs and expenses charged by the Servicer in respect of its servicing of the Loans, other than the Base Fee and not otherwise covered by the items below;
  - payments of certain insurance premiums in respect of the Block Insurance Policies (to the extent referable to the Loans);
  - amounts under a Direct Debit which are repaid to the bank making the payment if such bank is unable to recoup or recall such amount itself from its customer's account or is required to refund an amount previously debited; and
  - any amount received from a Borrower for the express purpose of payment being made to a third party for the provision of a service to that Borrower,

(items within (l) above being collectively referred to herein as "**Third Party Amounts**");

- (m) any tax payments paid or payable by the Issuer during the immediately

preceding Collection Period to the extent not funded from amounts standing to the credit of the Issuer Profit Ledger; and

- (n) (taking into account any amount paid by way of Third Party Amounts) amounts to remedy any overdraft in relation to the DD Collection Account or the Non-DD CMF 2020-1 Collection Account or to pay any amounts due to the Collection Account Bank.

**"Direct Debit"** means a written instruction of a Borrower authorising its bank to honour a request of the Legal Title Holder to debit a sum of money on specified dates from the account of the Borrower for deposit into an account of the Legal Title Holder.

**"Available Redemption Receipts"** means for any Interest Payment Date an amount equal to the aggregate of (without double counting):

- (a) all Redemption Receipts or, if in a Determination Period, any Calculated Redemption Receipts, in each case excluding an amount equal to any Reconciliation Amounts to be applied as Available Revenue Receipts on that Interest Payment Date, received by the Issuer:
  - (i) during the immediately preceding Collection Period; or
  - (ii) if representing amounts received in respect of any repurchases of Loans and their Related Security that were repurchased by the Seller or the Original Seller or the Legal Title Holder pursuant to the Mortgage Sale Agreement, received by the Issuer from but excluding the Collection Period Start Date immediately preceding the immediately preceding Interest Payment Date (or, in the case of the first Interest Payment Date, from and including the Closing Date) to and including the immediately preceding Collection Period Start Date;
- (b) the amounts (if any) calculated on the Calculation Date preceding that Interest Payment Date pursuant to the Pre-Enforcement Revenue Priority of Payments, to be the amount by which the debit balance of each of the Class A Principal Deficiency Sub-Ledger and/or the Class B Principal Deficiency Sub-Ledger and/or the Class C Principal Deficiency Sub-Ledger and/or the Class D Principal Deficiency Sub-Ledger and/or the Class E Principal Deficiency Sub-Ledger is to be reduced on that Interest Payment Date;
- (c) any amounts deemed to be Available Redemption Receipts in accordance with item (s) of the Pre-Enforcement Revenue Priority of Payments (the **"Enhanced Amortisation Amounts"**);
- (d) on the Final Redemption Date only, all amounts standing to the credit of the General Reserve Fund (after first having applied any Class A and Class B Liquidity Reserve Fund Release Amounts in meeting any Class A and Class B Liquidity Deficit and then any General Reserve Fund Release Amount in meeting any Revenue Deficit against the relevant item in the Pre-Enforcement Revenue Priority of Payments in the order they appear in the Pre-Enforcement Revenue Priority of Payments and debiting such amounts from the Class A and Class B Liquidity Reserve

Fund Ledger and/or the General Reserve Fund Ledger in accordance with the Pre-Enforcement Revenue Priority of Payments, in each case on such Final Redemption Date);

- (e) on each Interest Payment Date following a Determination Period, any Reconciliation Amounts deemed to be Available Redemption Receipts in accordance with Condition 6.8(c) (*Determinations and Reconciliation*); and
- (f) (in respect of the first Interest Payment Date only) the amount paid into the Deposit Account on the Closing Date from the excess of the proceeds of the Collateralised Notes over the Initial Consideration.

**"Optional Redemption Date"** means the Interest Payment Date falling in March 2024.

**"Final Redemption Date"** means the Interest Payment Date in respect of which the Cash Manager determines on the immediately preceding Calculation Date that, following the application on such Interest Payment Date of (i) Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments, (ii) any Class A and Class B Liquidity Reserve Fund Release Amounts in meeting any Class A and Class B Liquidity Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order that they appear in the Pre-Enforcement Revenue Priority of Payments and (iii) any General Reserve Fund Release Amounts in meeting any Revenue Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order that they appear in the Pre-Enforcement Revenue Priority of Payments, the sum of the Available Redemption Receipts (other than, where such Interest Payment Date falls prior to the Optional Redemption Date, item (c) of the definition thereof), all amounts standing to the credit of the General Reserve Fund Ledger and all amounts which (but for the occurrence of the Final Redemption Date) would have been available for application pursuant to items (a) to (r) (inclusive) of the Pre-Enforcement Revenue Priority of Payments would be sufficient to redeem in full the Collateralised Notes on such Interest Payment Date, including, as the case may be, as a result of the mandatory redemption of the Collateralised Notes pursuant to Conditions 8.3 (*Mandatory Redemption of the Notes in Full*) or 8.4 (*Mandatory Redemption of the Notes for Taxation or Other Reasons*).

**Summary of Priorities of Payments:**

Below is a summary of the relevant payment priorities. Full details of the payment priorities are set out in the section entitled "*Cashflows*".

<u>Pre-Enforcement Revenue Priority of Payments:</u>	<u>Pre-Enforcement Redemption Priority of Payments:</u>	<u>Post-Enforcement Priority of Payments:</u>
(a) Amounts due to the Note Trustee and the Security Trustee and any Appointee thereof including charges, liabilities, fees, costs and expenses	(a) Principal Addition Amounts to be applied to meet any Senior Expenses Deficit	(a) Amounts due in respect of the Receiver, the Note Trustee and the Security Trustee and any Appointee thereof including charges, liabilities, fees, costs and expenses
(b) Amounts due to the Agent Bank, the Registrar, the Paying Agent, the Cash Manager, the Servicer, the Back-Up Servicer Facilitator, the Corporate Services Provider, the Issuer Account Bank, the Collection Account Bank and the securitisation repository or third party website provider, in each case including all fees and costs	(b) <i>Pro rata</i> and <i>pari passu</i> to the principal amounts due on the Class A Notes	(b) Amounts due in respect of the fees and costs of the Agent Bank, the Registrar, the Paying Agent, the Cash Manager, the Servicer, the Back-Up Servicer Facilitator, the Corporate Services Provider, the Issuer Account Bank, the Collection Account Bank and the securitisation repository or any other third party website provider, in each case including all fees and costs
(c) Third party expenses and any Transfer Costs	(c) <i>Pro rata</i> and <i>pari passu</i> to the principal amounts due on the Class B Notes	(c) Amounts due to the Swap Provider (including any termination payments to the extent not satisfied by any applicable Replacement Swap Premium and/or any amounts available to be applied in accordance with the Swap Collateral Account Priority of Payments but excluding any Hedge Subordinated Amounts)
(d) Amounts due to the Swap Provider (including any termination payments to the extent not satisfied by any applicable Replacement Swap Premium and/or any amounts available to be applied in accordance with the Swap Collateral Account Priority of Payments but excluding any Hedge Subordinated Amounts)	(d) <i>Pro rata</i> and <i>pari passu</i> to the principal amounts due on the Class C Notes	(d) <i>Pro rata</i> and <i>pari passu</i> to the principal amounts due on the Class D Notes
(e) Issuer Profit Amount	(e) <i>Pro rata</i> and <i>pari passu</i> to the principal amounts due on the Class E Notes	(e) <i>Pro rata</i> and <i>pari passu</i> to the principal amounts due on the Class F Notes
(f) <i>Pro rata</i> and <i>pari passu</i> to the interest due on the Class A Notes	(f) <i>Pro rata</i> and <i>pari passu</i> to the principal amounts due on the Class G Notes	(f) <i>Pro rata</i> and <i>pari passu</i> to the principal amounts due on the Class H Notes
	(g) All remaining amounts to be applied as Available Revenue Receipts	(g) All remaining amounts to be applied as Available Revenue Receipts

(g)	Amounts to be credited to the Class A Principal Deficiency Sub-Ledger		to the amounts of interest and principal due on the Class A Notes
(h)	<i>Pro rata</i> and <i>pari passu</i> to the interest due on the Class B Notes	(e)	<i>Pro rata</i> and <i>pari passu</i> to the amounts of interest and principal due on the Class B Notes
(i)	Amounts to be credited to the Class A and Class B Liquidity Reserve Fund Ledger	(f)	<i>Pro rata</i> and <i>pari passu</i> to the amounts of interest and principal due on the Class C Notes
(j)	Amounts to be credited to the Class B Principal Deficiency Sub-Ledger	(g)	<i>Pro rata</i> and <i>pari passu</i> to the amounts of interest and principal due on the Class D Notes
(k)	<i>Pro rata</i> and <i>pari passu</i> to the interest due on the Class C Notes	(h)	<i>Pro rata</i> and <i>pari passu</i> to the amounts of interest and principal due on the Class E Notes
(l)	Amounts to be credited to the Class C Principal Deficiency Sub-Ledger	(i)	Hedge Subordinated Amounts due to the Swap Provider
(m)	<i>Pro rata</i> and <i>pari passu</i> to the interest due on the Class D Notes	(j)	<i>Pro rata</i> and <i>pari passu</i> to the amounts of interest and principal due on the Class X Notes
(n)	Amounts to be credited to the Class D Principal Deficiency Sub-Ledger	(k)	<i>Pro rata</i> and <i>pari passu</i> to the amounts due and payable to third parties (if any)
(o)	<i>Pro rata</i> and <i>pari passu</i> to the interest due on the Class E Notes	(l)	Issuer Profit Amount and any corporation tax of the Issuer not otherwise able to be paid from amounts standing to the credit of the Issuer Profit Ledger
(p)	Amounts to be credited to the Class E Principal Deficiency Sub-Ledger	(m)	On any Interest
(q)	Amounts to be credited to the General Reserve Fund Ledger		
(r)	Any Hedge Subordinated Amounts (to the extent not satisfied by any amounts available to be applied in accordance with the Swap Collateral Account Priority of Payments) due to the Swap Provider		



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| <p>(s) On or after the Optional Redemption Date or the Final Redemption Date an amount equal to the lesser of (i) all remaining amounts (if any) and (ii) the amount required by the Issuer to redeem the Collateralised Notes in full less any other Available Redemption Receipts otherwise available to the Issuer, to be applied as Available Redemption Receipts</p> <p>(t) <i>Pro rata</i> and <i>pari passu</i> to the interest due on the Class X Notes</p> <p>(u) <i>Pro rata</i> and <i>pari passu</i> to the principal amounts due on the Class X Notes</p> <p>(v) On any Interest Payment Date falling within a Determination Period, all remaining amounts to be credited to the Deposit Account to be applied on the next Interest Payment Date as Available Revenue Receipts</p> <p>(w) On any Interest Payment Date prior to (but excluding) the Optional Redemption Date, all excess amounts to be applied as RC1 Payments to the RC1 Certificateholders and thereafter, all excess amounts to be applied as RC2 Payments to the RC2 Certificateholders</p> | <p>Payment Date prior to (but excluding) the Optional Redemption Date all remaining amounts to be applied as RC1 Payments to the RC1 Certificateholders and thereafter, all remaining amounts to be applied as RC2 Payments to the RC2 Certificateholders</p> |
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**General Credit Structure:**

The credit structure of the transaction includes the following elements:

- The availability of the General Reserve Fund, funded on the Closing Date by part of the proceeds of the Noteholders' subscription of the Class X Notes. An amount equal to the General Reserve

Fund Excess Amount will be debited from the General Reserve Fund and will be applied as Available Revenue Receipts on each Interest Payment Date. On each Interest Payment Date, to the extent that there would be a Revenue Deficit on such Interest Payment Date, an amount equal to the General Reserve Fund Release Amounts shall be debited from the General Reserve Fund Ledger immediately prior to the application of Available Revenue Receipts pursuant to the Pre-Enforcement Revenue Priority of Payments on such Interest Payment Date and applied to cure such Revenue Deficit. Any General Reserve Fund Release Amounts will be applied to meet any Revenue Deficit (subject to the limitations set out in the definition of Revenue Deficit) against the relevant items in the Pre-Enforcement Revenue Priority of Payments in such order of priority as such items appear in the Pre-Enforcement Revenue Priority of Payments. After the Closing Date, the General Reserve Fund will be replenished up to the General Reserve Fund Required Amount on each Interest Payment Date up to and including the Final Redemption Date from Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments.

On the Final Redemption Date only, all amounts standing to the credit of the General Reserve Fund Ledger (after first having applied any Class A and Class B Liquidity Reserve Fund Release Amounts in meeting any Class A and Class B Liquidity Deficit and then any General Reserve Fund Release Amount to meet any Revenue Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order they appear in the Pre-Enforcement Revenue Priority of Payments, and debiting such amounts from the Class A and Class B Liquidity Reserve Fund Ledger and/or the General Reserve Fund Ledger in accordance with the Pre-Enforcement Revenue Priority of Payments, in each case on such Final Redemption Date) will be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments.

See the section "*Credit Structure – General Reserve Fund and General Reserve Fund Ledger*";

- the availability of the Class A and Class B Liquidity Reserve Fund, funded on the Closing Date by part of the proceeds of the subscription of the Class X Notes. On each Interest Payment Date, to the extent that there would be a Class A and Class B Liquidity Deficit on such Interest Payment Date, an amount equal to the Class A and Class B Liquidity Reserve

Fund Release Amounts shall be debited from the Class A and Class B Liquidity Reserve Fund Ledger immediately prior to the application of Available Revenue Receipts pursuant to the Pre-Enforcement Revenue Priority of Payments on such Interest Payment Date and applied to meet any Class A and Class B Liquidity Deficit (subject to the limitations set out in the definition of Class A and Class B Liquidity Deficit) against the relevant items in the Pre-Enforcement Revenue Priority of Payments in such order of priority as such items appear in the Pre-Enforcement Revenue Priority of Payments. After the Closing Date on each Interest Payment Date up to but excluding the Class B Redemption Date, the Class A and Class B Liquidity Reserve Fund Excess Amount will be applied as Available Revenue Receipts and the Class A and Class B Liquidity Reserve Fund will be replenished up to the Class A and Class B Liquidity Reserve Fund Required Amount from Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments.

On the Class B Redemption Date only, all amounts standing to the credit of the Class A and Class B Liquidity Reserve Fund Ledger (after first having applied any Class A and Class B Liquidity Reserve Fund Release Amount in meeting any Class A and Class B Liquidity Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order they appear in the Pre-Enforcement Revenue Priority of Payments and debiting such amount from the Class A and Class B Liquidity Reserve Fund Ledger) will be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments.

See the section "*Credit Structure – Class A and Class B Liquidity Reserve Fund and Class A and Class B Liquidity Reserve Fund Ledger*";

- a Principal Deficiency Ledger will be established to record as a debit any Losses on the Portfolio and Principal Addition Amounts and record as a credit Available Revenue Receipts applied as Available Redemption Receipts (including any amounts in respect of Enhanced Amortisation Amounts) pursuant to the Pre-Enforcement Revenue Priority of Payments (if any). The Principal Deficiency Ledger will comprise the following sub-ledgers: the Class A Principal Deficiency Sub-Ledger (relating to the Class A Notes), the Class B Principal Deficiency Sub-Ledger (relating to the Class B Notes), the Class C Principal Deficiency Sub-Ledger (relating to the Class C Notes), the Class D Principal Deficiency

Sub-Ledger (relating to the Class D Notes) and the Class E Principal Deficiency Sub-Ledger (relating to the Class E Notes). Any Losses on the Portfolio and/or any Principal Addition Amounts will be recorded as a debit (on the date that the Cash Manager is informed of such Losses by the Servicer or such Principal Addition Amounts are determined by the Cash Manager (as applicable)): first (a) to the Class E Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class E Notes; then (b) to the Class D Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class D Notes; then (c) to the Class C Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class C Notes; then (d) to the Class B Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class B Notes; then (e) to the Class A Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class A Notes. Investors should note that realised Losses in any period will be calculated after applying any recoveries following enforcement of a Loan firstly to outstanding fees and interest amounts due and payable on the relevant Loan. The Principal Deficiency Ledger will be credited by the amount of any Available Revenue Receipts applied as Available Redemption Receipts in accordance with items (g), (j), (l), (n) and (p) of the Pre-Enforcement Revenue Priority of Payments. See the section "*Credit Structure – Principal Deficiency Ledger*" below;

- pursuant to item (s) of the Pre-Enforcement Revenue Priority of Payments, on or after the Optional Redemption Date or the Final Redemption Date, and after having paid or provided for items of higher priority in the Pre-Enforcement Revenue Priority of Payments, the Issuer will treat an amount equal to the lesser of (i) all remaining Available Revenue Receipts and (ii) the amount required by the Issuer to pay in full all amounts payable under items (a) to (f) (inclusive) of the Pre-Enforcement Redemption Priority of Payments, less any Available Redemption Receipts (other than item (c) of the definition thereof) otherwise available to the Issuer, as Enhanced Amortisation Amounts and such amounts will be applied as Available Redemption Receipts to be applied in accordance with the Pre-Enforcement Redemption Priority of Payments. Any amounts applied as Enhanced Amortisation Amounts will be

recorded as a credit to the Principal Deficiency Ledger. Any amount credited to the Principal Deficiency Ledger in respect of Enhanced Amortisation Amounts will be reduced to the extent of any future Losses arising in respect of the Portfolio;

- pursuant to item (a) of the Pre-Enforcement Redemption Priority of Payments, to the extent that, after application of the Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments, the use of any Class A and Class B Liquidity Reserve Fund Release Amount to meet any Class A and Class B Liquidity Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order they appear in the Pre-Enforcement Revenue Priority of Payments and the use of any General Reserve Fund Release Amount to meet any Revenue Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order they appear in the Pre-Enforcement Revenue Priority of Payments, there is a Senior Expenses Deficit, the Issuer shall apply an amount of Available Redemption Receipts as Principal Addition Amounts to meet any Senior Expenses Deficit (subject to the limitations set out in the definition of Senior Expenses Deficit), against the relevant items in the Pre-Enforcement Revenue Priority of Payments in such order of priority as such items appear in the Pre-Enforcement Revenue Priority of Payments. Any Available Redemption Receipts applied as Principal Addition Amounts will be recorded as a debit to the Principal Deficiency Ledger;
- the availability of interest provided by the Issuer Account Bank in respect of monies held in the Issuer Accounts and income from any Authorised Investments (other than any amount of interest and/or income received in respect of the Swap Collateral) (see the section "*Cashflows*" for further details); and
- availability of the fixed rate swap provided by the Swap Provider to hedge against the possible variance between the rates of interest payable on the Fixed Rate Loans in the Portfolio and a rate of interest calculated by reference to Compounded Daily SONIA (see the section "*Credit Structure – Interest Rate Risk for the Notes*" for further details).

#### **Bank Accounts and Cash Management:**

On the Closing Date the Issuer will enter into the Bank Account Agreement with the Issuer Account Bank in respect of the opening and

maintenance of the Deposit Account and the Swap Collateral Account.

The Issuer will open a deposit account (the "**Deposit Account**") and a swap collateral account (the "**Swap Collateral Account**") pursuant to the Bank Account Agreement with the Issuer Account Bank on or prior to the Closing Date. The Issuer may from time to time open additional or replacement accounts (including, if applicable, any securities accounts (such accounts, together with the Deposit Account and the Swap Collateral Account, the "**Issuer Accounts**") pursuant to the Bank Account Agreement and the Transaction Documents.

On each Interest Payment Date, the Cash Manager will transfer monies from the Deposit Account to be applied in accordance with the applicable Priority of Payments.

**Swap Agreement:**

Payments received by the Issuer under certain of the Loans will be subject to fixed rates of interest for an initial period of time. The interest amounts payable by the Issuer in respect of the Notes will be calculated by reference to Compounded Daily SONIA. To hedge against the potential variance between the fixed rates of interest received on certain of the Loans in the Portfolio and the rate of interest payable on the Notes, the Issuer will enter into the Swap Transaction with the Swap Provider under the Swap Agreement.

## TRANSACTION OVERVIEW – TRIGGERS TABLES

### Rating Triggers Table

Transaction Party	Required Ratings/Triggers	Possible effects of Trigger being breached include the following:
<b>Issuer Account Bank:</b>	A long-term unguaranteed unsecured and unsubordinated debt rating of at least A3 by Moody's and a short-term issuer default rating of at least F1 by Fitch or a long-term issuer default rating (or deposit rating, if assigned) of at least A by Fitch, or such other lower rating which is consistent with the then current rating methodology of the Rating Agencies in respect of the then current ratings of the Notes (the " <b>Account Bank Rating</b> ").	<p>If the Issuer Account Bank fails to maintain any of the Account Bank Ratings, then the Issuer shall use its best endeavours, within 60 calendar days of such downgrade:</p> <ul style="list-style-type: none"> <li>(a) close the Issuer Accounts with such Issuer Account Bank and use all reasonable endeavours to open replacement accounts with a financial institution (i) having the Account Bank Ratings and (ii) which is a "bank" as defined in section 991 of the Income Tax Act 2007;</li> <li>(b) use all reasonable endeavours to obtain a guarantee of the obligations of such Issuer Account Bank under the Bank Account Agreement from a financial institution which has the Account Bank Ratings; or</li> <li>(c) take any other reasonable action as the Rating Agencies may agree will not result in a downgrade of the Notes,</li> </ul> <p>in each case as prescribed in the Bank Account Agreement, and transfer amounts standing to the credit of relevant Issuer Accounts and all Ledgers on the relevant Issuer Accounts to the replacement Issuer Accounts.</p>
<b>Collection Account Bank</b>	A long-term unguaranteed unsecured and unsubordinated debt rating of at least Baa3 by Moody's and a short-term issuer default rating of F2 by Fitch and a long-term issuer default rating of BBB+ by Fitch (the " <b>Collection Account Bank Rating</b> ").	<p>If the Collection Account Bank fails to maintain any of the Collection Account Bank Ratings, then the Servicer shall assist the Legal Title Holder to:</p> <ul style="list-style-type: none"> <li>(a) open a replacement collection account in the name of the Legal Title Holder with a financial institution (i) having a rating of at least the Collection Account Bank Rating, (ii) approved in writing by</li> </ul>

the Issuer and the Security Trustee and (iii) which is a "bank" as defined in Section 991 of the Income Tax Act 2007; or

- (b) obtain an unconditional and unlimited guarantee of the obligations of the Collection Account Bank from a financial institution having the Collection Account Bank Rating; or
- (c) take any other action as the Rating Agencies may agree will not result in a downgrade of the Notes,

in each case as prescribed and within the time limits as set out in the Servicing Agreement (such time period to be not less than 35 calendar days) and transfer all Direct Debit mandates to such replacement collection account and procure that all Monthly Instalments made by a Borrower under a payment arrangement other than the Direct Debiting Scheme are made to such replacement collection account from the date on which the replacement collection account is opened.

**Swap  
Provider:**

Moody's: (i) A long term counterparty risk assessment from Moody's of A3(cr) or above, or (ii) a long term senior unsecured debt rating from Moody's of A3 or above (the "**Qualifying Collateral Trigger Rating**").

If the Swap Provider (or its successor or any relevant guarantor) does not have the Qualifying Collateral Trigger Rating and either (a) has not had a Qualifying Collateral Trigger Rating since the Closing Date or (b) at least 30 business days have elapsed since the last time the Swap Provider (or its successor or relevant guarantor) had a Qualifying Collateral Trigger Rating, the Swap Provider must, if required, post collateral and may either (i) transfer its rights and obligations under the Swap Agreement to an appropriately rated replacement third party, or (ii) procure a guarantee from an appropriately rated third party.

A failure by the Swap Provider to take such steps will, in certain circumstances, allow the Issuer to terminate the Swap Agreement.

Fitch: A short-term issuer default rating or a derivative counterparty rating (or if a derivative counterparty rating is not available, a long-term issuer default rating)

If the Swap Provider (or its successor, assignee or any relevant guarantor) does not have the Initial Fitch Required Rating (an "**Initial Fitch Rating Event**"), the Swap



by Fitch at least as high as the Fitch Minimum Counterparty Rating corresponding to the then current rating by Fitch of the then highest rated class of Notes, as specified in the table below under the column "Initial Fitch Required Rating" (or its equivalent) by Fitch (the "**Initial Fitch Required Rating**").

Provider (a) must, on a reasonable efforts basis and at its own cost, if required, post collateral within 14 calendar days of the Initial Fitch Rating Event (or if an Initial Fitch Rating Event has continued since the date the Swap Agreement (or any replacement swap agreement) was entered into, on such date); and (b) may, on a reasonable efforts basis and at its own cost, within 30 calendar days of such Initial Fitch Rating Event either: (i) transfer its rights and obligations under the Swap Agreement to an appropriately rated replacement third party (or a replacement third party with an eligible and appropriately rated guarantor), (ii) procure a co-obligation or guarantee from an appropriately rated third party, or (iii) take such other actions (which may, for the avoidance of doubt, include taking no action) as a result of which the highest rated class of Notes will be rated by Fitch at the same level as immediately prior to such Initial Fitch Rating Event, **provided that** if required, pending the taking of any of the actions in (b)(i) to (iii) above, the Swap Provider posts collateral as required under (a) above.

A failure by the Swap Provider to take such steps will, in certain circumstances, allow the Issuer to terminate the Swap Agreement.

Moody's: (i) A long term counterparty risk assessment from Moody's of Baa3(cr) or above, or (ii) a long term senior unsecured debt rating from Moody's of Baa3 or above (the "**Qualifying Transfer Trigger Rating**").

If the Swap Provider (or its successor or any relevant guarantor) does not have the Qualifying Transfer Trigger Rating, the Swap Provider must, at its own cost, use commercially reasonable efforts to, as soon as reasonably practicable (and in any event within 30 business days), either (i) transfer its rights and obligations under the Swap Agreement to an appropriately rated replacement third party, or (ii) procure a guarantee from an appropriately rated third party.

A failure by the Swap Provider to take such steps will, in certain circumstances, allow the Issuer to terminate the Swap Agreement.

Fitch: A short-term issuer default rating or a derivative counterparty rating (or if a derivative counterparty is not available, a long-term issuer default rating) by Fitch at least as high as the Fitch Minimum

If the Swap Provider (or its successor, assignee or any relevant guarantor) does not have the Subsequent Fitch Required Rating (a "**Subsequent Fitch Rating Event**"), the Swap Provider must, within 30 calendar

Counterparty Rating corresponding to the then current rating by Fitch of the then highest rated class of Notes, as specified in the table below under the column "Subsequent Fitch Required Rating" or "Subsequent Fitch Required Rating (adjusted)" (as applicable) (the "**Subsequent Fitch Required Rating**").

days of such Subsequent Fitch Rating Event on a reasonable efforts basis and at its own cost, either: (i) transfer its rights and obligations under the Swap Agreement to an appropriately rated replacement third party (or a replacement third party with an eligible and appropriately rated guarantor), (ii) procure a co-obligation or guarantee from an appropriately rated third party, or (iii) take such other actions (which may, for the avoidance of doubt, include taking no action) as a result of which the highest rated class of Notes will be rated by Fitch at the same level as immediately prior to such Subsequent Fitch Rating Event, **provided that** if required in accordance with the Swap Credit Support Annex, pending the taking of any of the actions in (i) to (iii) above, the Swap Provider posts additional collateral within 14 calendar days of the Subsequent Fitch Rating Event.

A failure by the Swap Provider to take such steps will, in certain circumstances, allow the Issuer to terminate the Swap Agreement.

<b>Fitch Minimum Counterparty Rating</b>			
<b>Current Fitch rating of Fitch relevant note</b>	<b>Initial Fitch Required Rating</b>	<b>Subsequent Fitch Required Rating</b>	<b>Subsequent Fitch Required Rating (adjusted)*</b>
AAAsf	A or F1	BBB- or F3	BBB+ or F2
AA+sf, AAsf, AA-sf	A- or F1	BBB- or F3	BBB+ or F2
A+sf, Asf, A-sf	BBB or F2	BB+	BBB or F2
BBB+sf, BBBsf, BBB-sf	BBB- or F3	BB-	BBB- or F3
BB+sf, BBsf, BB-sf	At least as high as the Fitch relevant notes' Fitch rating	B+	BB-
B+sf or below or Fitch relevant notes are not rated by Fitch		B-	B-

\*

If the Swap Provider (or its successor, assignee or any relevant guarantor) is not incorporated in the same jurisdiction as the Issuer and, following a request from Fitch, has not provided to Fitch a legal opinion, in a form acceptable to Fitch, confirming the enforceability of the subordination provisions against it in its jurisdiction, the "Subsequent Fitch Required Rating (adjusted)" shall be applicable.

## Non-Rating Triggers Table

### Perfection Events:

Prior to the completion of the transfer of legal title of the Loans to the Issuer, the Issuer will be subject to certain risks as set out in the risk factor entitled "*Legal Title Holder to initially retain legal title to the Loans and risks relating to set-off*" and "*Set-off may adversely affect the value of the Portfolio or any part thereof*" in the section entitled "*Risk Factors*". Completion of transfer of the legal title of the Loans by the Legal Title Holder to the Issuer will be completed on or before the 20th Business Day after the earliest to occur of the following:

- (a) the Legal Title Holder being required to perfect legal title to the Loans (i) by an order of a court of competent jurisdiction or (ii) by a regulatory authority which has jurisdiction over the Legal Title Holder or (iii) by any organisation of which the Legal Title Holder is a member, or whose members comprise (but are not necessarily limited to) mortgage lenders and with whose instructions it is customary for the Legal Title Holder to comply, to perfect legal title to the Loans; or
- (b) it becoming necessary by law to take any or all such actions referred to in paragraph (a) above; or
- (c) the security created under or pursuant to the Deed of Charge or any material part of that security being, in the opinion of the Security Trustee, in jeopardy; or
- (d) the Legal Title Holder calling for perfection by serving notice in writing to that effect on the Issuer and the Security Trustee; or
- (e) an Insolvency Event occurring in relation to the Legal Title Holder or the Seller; or
- (f) it becoming unlawful in any applicable jurisdiction for the Legal Title Holder to hold legal title in respect of any Loan in the Portfolio; or
- (g) the Legal Title Holder or Seller is in breach of its obligations under the Mortgage Sale Agreement, but only if (i) such breach, where capable of remedy, is not remedied to the reasonable satisfaction of the Security Trustee (acting in accordance with the Deed of Charge) within 90 calendar days and (ii) Moody's and/or Fitch shall have provided confirmation that the then current ratings of the Notes will be withdrawn, downgraded or qualified as a result of such breach; or
- (h) if the Legal Title Holder determines, as at any date, the CET1 Ratio of the OSB Group has fallen below 7.00 per cent,

provided that the provisions of paragraphs (g) and/or (h) above shall (1) not apply if the Seller has delivered a certificate to the Security Trustee that the occurrence of such event does not impact the designation as a

‘simple, transparent and standardised’ securitisation (within the meaning of the Securitisation Regulation); and (2) be subject to such amendment as the Seller may require so long as the Seller delivers a certificate to the Security Trustee that the amendment of such event does not impact the designation as a ‘simple, transparent and standardised’ securitisation (within the meaning of the Securitisation Regulation). The Security Trustee shall be able to rely on such certificate without further enquiry and without liability to any person.

If the Loans and their Related Security are sold pursuant to the exercise of the Call Option, the Issuer or (if at the time the Call Option is exercised the Issuer does not hold the Whole Legal Title) the Legal Title Holder, upon receipt of a direction from the Issuer and at the sole cost and expense of the Issuer, shall promptly transfer the Whole Legal Title in the Loans and their Related Security comprising the Portfolio to the Legal Title Transferee.

**Servicer Termination Events:**

The appointment of the Servicer may be terminated by the Issuer (subject to the prior written consent of the Security Trustee) if any of the following events (each a "**Servicer Termination Event**") occurs and is continuing:

- (a) the Servicer defaults in the payment on the due date of any payment due and payable by it under the Servicing Agreement and the Servicer fails to remedy it for a period of 30 Business Days after: (i) where the failure to pay has arisen other than as a result of a Disruption Event, the Servicer becoming aware of such default and receipt by the Servicer (with a copy to the Back-Up Servicer Facilitator) of written notice from the Issuer or (after the delivery of an Enforcement Notice) the Security Trustee requiring the same to be remedied or (ii) where the failure to pay has arisen as a result of a Disruption Event, the cessation of the relevant Disruption Event or, if earlier, 60 Business Days following the Servicer becoming aware of such default and receipt by the Servicer (with a copy to the Back-Up Servicer Facilitator) of written notice from the Issuer or (after the delivery of an Enforcement Notice) the Security Trustee requiring the same to be remedied;
- (b) the Servicer defaults in the performance or observance of any of its other covenants and obligations under the Servicing Agreement, which failure in the reasonable opinion of the Issuer (prior to the delivery of an Enforcement Notice) or the opinion of the Security Trustee (after the delivery of an Enforcement Notice) is materially prejudicial to the interests of the Noteholders, and the Servicer does not remedy that failure within 30 Business Days after the earlier of the Servicer becoming aware of the failure or of receipt by the Servicer of written notice from the Issuer or (after the delivery of an Enforcement Notice) the Security Trustee, as the case may be, (with a copy to the Back-Up Servicer Facilitator) requiring the Servicer's non-compliance to be remedied;
- (c) an Insolvency Event occurring in respect of the Servicer; or

- (d) it becomes unlawful in any applicable jurisdiction for the Servicer to perform any of its obligations as contemplated by the Servicing Agreement, provided that this does not result or arise from compliance by the Servicer with any instruction from the Issuer or the Security Trustee.

In determining whether to give or withhold consent to the termination of the Servicer by the Issuer, the Security Trustee will have regard to factors it deems relevant (including for this purpose, the availability of a substitute servicer and the effect (including any potential regulatory implications) on the Issuer of not having a servicer in place at any time).

The Servicer may also resign upon giving not less than three months' written notice to the Issuer, the Security Trustee and the Back-Up Servicer Facilitator provided that, *inter alia*, a replacement servicer has been appointed by the Issuer (subject to the prior written consent of the Security Trustee).

The resignation of the Servicer is conditional on, *inter alia*:

- (a) (if the Notes remain outstanding) the resignation having no adverse effect on the then current ratings of the Notes unless the Security Trustee or the Noteholders (the Noteholders acting by way of Extraordinary Resolution) agree otherwise; and
- (b) a substitute servicer assuming and performing all the material duties and obligations of the Servicer.

See "*Summary of the Key Transaction Documents – Servicing Agreement*" below.

## TRANSACTION OVERVIEW – FEES

The following table sets out the ongoing fees to be paid by the Issuer to the transaction parties.

Type of Fee	Amount of Fee	Priority in Cashflow	Frequency
Servicing fees.	An amount calculated on the basis of the number of days elapsed in each calendar month over a 365 day year (or over a 366 day year in a leap year), by applying a rate of 0.25 per cent. per annum (inclusive of VAT) on the aggregate Current Balance of the Loans (excluding any Enforced Loans) on the Collection Period Start Date at the start of the immediately preceding Collection Period (the " <b>Base Fee</b> ").	Ahead of all outstanding Notes and Residual Certificates.	Monthly in arrear on each Interest Payment Date.
Other fees and expenses of the Issuer (including tax and audit costs).	Estimated at £100,000 each year (exclusive of VAT, where so provided in the relevant Transaction Document).	Ahead of all outstanding Notes and Residual Certificates.	Monthly in arrear on each Interest Payment Date.
Expenses related to the admission to trading of the Notes.	Estimated at €10,000 (exclusive of VAT).	Ahead of all outstanding Notes and Residual Certificates.	On or about the Closing Date.

As at the date of this Prospectus, the standard rate of UK value added tax ("**VAT**") is 20 per cent.

## CERTAIN REGULATORY DISCLOSURES

CCFS will retain a material net economic interest of not less than 5 per cent. in the securitisation as required by Article 6(1) of the Securitisation Regulation (as such article is interpreted and applied on the date hereof and not taking into account any relevant national measures). As at the Closing Date, such interest will comprise certain randomly selected exposures, in accordance with the text of Article 6(3)(c) of the Securitisation Regulation. Any change to the manner in which such interest is held will be notified to the Noteholders.

Statistical and other information on the Provisional Portfolio as at the Portfolio Reference Date is set out in the section of this Prospectus entitled "*Characteristics of the Provisional Portfolio*". The Original Seller has, prior to entering into the Mortgage Sale Agreement, identified the Cut-Off Date. Having removed any loans which were no longer eligible or had been redeemed in full as at the Cut-Off Date, the Original Seller randomly selected the Transaction Portfolio from the Provisional Portfolio, from which an independent third party randomly selected the Retained Loans, having an aggregate nominal value equal to at least 5 per cent. of the nominal value of the Portfolio as at the Cut-Off Date. The Portfolio that will be sold to the Issuer on the Closing Date comprises all loans in the Transaction Portfolio other than the Retained Loans. The Retained Loans and their Related Security will be held by CCFS in accordance with Article 6(3)(c) of the Securitisation Regulation.

CCFS has provided a corresponding undertaking with respect to: (i) the provision of such investor information and compliance with the requirements of Article 7(1)(e)(iii) of the Securitisation Regulation by confirming the risk retention of CCFS as contemplated by Article 6(1) of the Securitisation Regulation as specified in the paragraph above; and (ii) the interest to be retained by CCFS as specified in the introductory paragraph above.

For the purposes of Article 7(2) of the Securitisation Regulation, CCFS, being the entity responsible for reporting the information will either fulfil such requirements itself or shall procure that such requirements are complied with on its behalf, provided that CCFS will not be in breach of such undertaking if CCFS fails to so comply due to events, actions or circumstances beyond CCFS' control. CCFS will be responsible for compliance with Article 7 of the Securitisation Regulation for the purposes of Article 22(5) of the Securitisation Regulation.

CCFS has procured that on or about the date of this Prospectus an STS Notification shall be submitted to ESMA, in accordance with Article 27 of the Securitisation Regulation, and to the FCA, confirming that the STS Requirements have been satisfied with respect to the Notes. It is expected that the STS Notification will be available on the website of ESMA (<https://www.esma.europa.eu/policy-activities/securitisation/simple-transparent-and-standardised-stssecuritisation>). For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus. A draft version of the STS notification was made available prior to pricing to potential investors in the Notes by way of the website of European DataWarehouse at <https://editor.eurodw.eu/home>. The website and its contents do not form part of the Prospectus.

CCFS has obtained an STS Assessment from the authorised verification agent (the Authorised Verification Agent) authorised under Article 28 of the Securitisation Regulation in connection with the STS verification and STS Assessment. It is expected that the STS Assessment prepared by the Authorised Verification Agent, together with detailed explanations of its scope, will be available on the website of such agent (being Prime Collateralised Securities (PCS) UK Limited) at <https://www.pcsmarket.org/sts-verification-ransactions/>. Together with detailed explanations of its scope at <https://www.pcsmarket.org/disclaimer/> on and from the Closing Date. For the avoidance of doubt, the websites and the contents thereof do not form part of this Prospectus. No assurance can be provided that the securitisation transaction described in this Prospectus does or will continue to

qualify as an STS securitisation under the Securitisation Regulation as at the date of this Prospectus or at any point in time in the future.

As to the information made available to prospective investors by the Issuer, reference is made to the information set out herein and forming part of this Prospectus and, after the Closing Date, to the Investor Reports, SR Investor Reports, Loan Level Information and Cash Flow Model (a general description of which is set out in "*Summary of the Key Transaction Documents – Servicing Agreement*" and "*Summary of the Key Transaction Documents – Cash Management Agreement*"). Each Investor Report, SR Investor Report, Loan Level Information and SR Inside Information and Significant Event Report will be published by the Servicer by means of a securitisation repository or (where no securitisation repository is registered in accordance with Article 10 of the Securitisation Regulation) by means of the website of European DataWarehouse at <https://editor.eurodw.eu/home>, being a website which conforms to the requirements set out in Article 7(2) of the Securitisation Regulation, or any other website which may be notified by the Originator from time to time provided that such replacement or additional website conforms to the requirements set out in Article 7(2) of the Securitisation Regulation.

The Cash Manager will also publish any Investor Report, SR Investor Report and any SR Inside Information and Significant Event Report on the website at [pivot.usbank.com](http://pivot.usbank.com). None of the reports or the website or the contents thereof form part of this Prospectus.

CCFS will undertake to (i) the Joint Lead Managers and the Arranger in the Subscription Agreement and (ii) to the Issuer and the Security Trustee in the Mortgage Sale Agreement that, for so long as any Notes remain outstanding, it will:

- (a) retain on an ongoing basis, a material net economic interest of not less than 5 per cent. in the nominal value of the securitisation (the "**Retained Exposures**") in accordance with Article 6(1) of the Securitisation Regulation (which does not take into account any corresponding national measures);
- (b) at all relevant times comply with the requirements of Article 7(1)(e)(iii) of the Securitisation Regulation by confirming the risk retention of CCFS as contemplated by Articles 6(1) and 6(3)(c) of the Securitisation Regulation; and
- (c) not sell, hedge or otherwise mitigate (and shall procure that none of its affiliates shall sell, hedge or otherwise mitigate) the credit risk under or associated with the Retained Exposures except to the extent permitted under the Securitisation Regulation.

For the purposes of Article 7(2) of the Securitisation Regulation, CCFS is the entity responsible for compliance with the requirements of Article 7 and will either fulfil such requirements itself or shall procure that such requirements are complied with on its behalf.

As at the Closing Date, such interest will comprise retention of randomly selected exposures equivalent to no less than 5 per cent. of the nominal value of the securitised exposures, where such exposures would otherwise have been securitised in the transaction affected by the Issuer in accordance with Article 6(3)(c) of the Securitisation Regulation.

Each prospective investor is required to independently assess and determine the sufficiency of the information described above and in the Prospectus generally for the purposes of complying with Article 5 of the Securitisation Regulation and any corresponding national measures which may be relevant and none of the Issuer nor any Relevant Party makes any representation that the information described above or in the Prospectus is sufficient in all circumstances for such purposes.



For further information please refer to the Risk Factor entitled "*Regulatory initiatives may have an adverse impact on the regulatory treatment of the Notes*" and the section entitled "*The Loans*".

CCFS confirms that it has made available, prior to pricing, information required by Article 7(1)(a) of the Securitisation Regulation to the extent such information has been requested by a potential investor.

Loans have not been selected to be sold to the Issuer with the aim of rendering losses on the Loans sold to the Issuer, measured over a period of 4 years, higher than the losses over the same period on comparable assets held on the balance sheet of CCFS.

#### **Verification of data**

CCFS has caused a sample of the Loans (including the data disclosed in respect of those Loans) to be externally verified by one or more appropriate and independent third parties. The initial provisional portfolio (the "**Initial Provisional Portfolio**") extracted from the systems of the Original Seller as of 31 October 2019 has been subject to an agreed upon procedures review (to review amongst other things, certain eligibility criteria, where applicable) on a sample of loans selected from the Initial Portfolio conducted by a third-party and completed on or about November 2019 with respect to the Initial Provisional Portfolio in existence as of 31 October 2019 and no significant adverse findings have been found. This independent third party has also performed agreed upon procedures in order to verify that the stratification tables and historical performance data disclosed in respect of the underlying exposures are accurate. The third party undertaking the review only has obligations to the parties to the engagement letters governing the performance of the agreed upon procedures subject to the limitations and exclusions contained therein. An appropriate and independent third party has verified that the tables disclosed under the section "*Characteristics of the Provisional Portfolio*" of this Prospectus in respect of the underlying exposures are accurate. CCFS has reviewed such reports and is of the opinion that there were no significant adverse findings in such reports.

## WEIGHTED AVERAGE LIVES OF THE NOTES

The term "**weighted average life**" refers to the average amount of time that will elapse from the date of issuance of a security to the date of distribution to the relevant investor of amounts sufficient to fully repay principal in respect of such security (assuming no losses on the Loans and weighted by the principal amortisation of the Notes on each Interest Payment Date). The weighted average lives of the Notes will be influenced by, among other things, the actual rate of repayment of the Loans in the Portfolio. In addition, the weighted average lives of the Notes, should they not be called on or after the Optional Redemption Date, will be influenced by, *inter alia*, the amount of Available Revenue Receipts used as Enhanced Amortisation Amounts in accordance with item (s) of the Pre-Enforcement Revenue Priority of Payments.

The actual weighted average lives of the Notes cannot be stated, as the ultimate rate of prepayment of the Loans and a number of other relevant factors are unknown. However, calculations of the possible average lives of the Notes can be made based on certain assumptions.

The following tables were prepared based on the characteristics of the loans included in the Provisional Portfolio, the provisions of the Conditions and Residual Certificates Conditions (as applicable), and the following additional assumptions (the "**Modelling Assumptions**").

### Modelling Assumptions:

- (a) no Loan becomes delinquent or is enforced for so long as the Notes remain outstanding;
- (b) no Loan is required to be repurchased by the Seller or the Original Seller or the Legal Title Holder, whether as a result of a breach of Loan Warranty, as a result of the Loan being a Significant Deposit Loan, or otherwise;
- (c) the Notes are issued on 25 February 2020 and all payments on the Notes are received on the 16th day (without regard to whether such day is a Business Day) of each month in each year, with the first Interest Payment Date falling on 16 April 2020;
- (d) the Portfolio as at the beginning of the first Collection Period is the same as the Provisional Portfolio as at the Portfolio Reference Date;
- (e) no interest accrues on the Deposit Account;
- (f) Compounded Daily SONIA is equal to 0.71 per cent.;
- (g) the fixed rate under the Swap Agreement is 0.60 per cent.;
- (h) the weighted average margin over Compounded Daily SONIA of the Collateralised Notes is 0.68 per cent on the Closing Date and from (and including) the Optional Redemption Date, margins over Compounded Daily SONIA are multiplied by 1.5 (capped at 1.00 per cent increase);
- (i) no Enforcement Notice is served on the Issuer, no Event of Default has occurred and the Security is not enforced;
- (j) amounts required to pay items (a) to (c) and (e) of the Pre-Enforcement Revenue Priority of Payments on each Interest Payment Date are:
  - (i) £110,000 per annum; and

- (ii) 0.25 per cent. of the average Current Balance of the Loans at the start of each Collection Period, per annum, where each Interest Period consists of the actual number of days in the relevant period and 365 days in the relevant year;
- (k) the Swap Agreement is not terminated and the Swap Provider fully complies with its obligations under the Swap Agreement;
- (l) with respect to the Loans each month consists of 30 calendar days, and each year 360 days and with respect to the Notes and the Swap Transaction each month consists of the actual number of days in the relevant month and 365 days in the relevant year;
- (m) the Principal Amount Outstanding of the Notes as at the Closing Date is, in respect of the Class A Notes 91.50 per cent. and, in respect of the Class B Notes 3.00 per cent and, in respect of the Class C Notes 2.50 per cent and, in respect of the Class D Notes 2.50 per cent and, in respect of the Class E Notes 0.50 per cent and, in respect of the Class X Notes 2.00 per cent of the aggregate current balance of the Loans assuming current balance of the Loans is £350,429,747.76; and
- (n) the Interest Payment Dates for each period are assumed to start and end on the 16th day of each month in each year.

The actual characteristics and performance of the Loans are likely to differ from the Modelling Assumptions. The following tables are hypothetical in nature and are provided only to give a general sense of how the principal cash flows might behave under various prepayment scenarios. For example, the Issuer does not expect that the Loans will prepay at a constant rate until maturity, or that there will be no defaults or delinquencies on the Loans. Any difference between the Modelling Assumptions and, *inter alia*, the actual prepayment or loss experience on the Loans will affect the redemption profile of the Notes and cause the weighted average lives of the Notes to differ (which difference could be material) from the corresponding information in the tables for each indicated CPR.

"**CPR**" means, on any Calculation Date, the annualised principal prepayment rate of all the Loans during the previous Collection Period calculated as follows:

$$1 - ((1-R) ^ (4))$$

where R equals the result (expressed as a percentage) of the total principal prepayments received by the Issuer during the immediately preceding Collection Period divided by the aggregate outstanding principal balance of the Loans as at the first day of that Collection Period.

**(Assuming the Call Option is  
exercised on the Optional  
Redemption Date)  
Possible WAL (in years) of:**

**CPR**

	<b>Class A Notes</b>	<b>Class B Notes</b>	<b>Class C Notes</b>	<b>Class D Notes</b>	<b>Class E Notes</b>	<b>Class X Notes</b>
0%	3.84	4.06	4.06	4.06	4.06	0.42
5%	3.44	4.06	4.06	4.06	4.06	0.42
10%	3.08	4.06	4.06	4.06	4.06	0.41
15%	2.74	4.06	4.06	4.06	4.06	0.41
20%	2.43	4.06	4.06	4.06	4.06	0.40
25%	2.15	4.06	4.06	4.06	4.06	0.40
3% for 6 months, then 20% for 10 months, then 30% for 9 months and thereafter 20%	2.55	4.06	4.06	4.06	4.06	0.42

**(Assuming the Call Option is not  
exercised)  
Possible WAL (in years) of:**

**CPR**

	<b>Class A Notes</b>	<b>Class B Notes</b>	<b>Class C Notes</b>	<b>Class D Notes</b>	<b>Class E Notes</b>	<b>Class X Notes</b>
0%	9.89	17.85	18.19	18.59	18.85	0.42
5%	6.73	14.80	15.26	15.85	16.23	0.42
10%	4.92	12.46	13.09	13.86	14.39	0.41
15%	3.77	10.56	11.32	11.65	11.65	0.41
20%	2.99	8.90	9.06	9.06	9.06	0.40
25%	2.44	7.31	7.31	7.31	7.31	0.40
3% for 6 months, then 20% for 10 months, then 30% for 9 months and thereafter 20%	3.11	8.90	9.06	9.06	9.06	0.42

For more information in relation to the risks involved in the use of the average lives estimated above, see "Risk Factors – The timing and amount of payments on the loans could be affected by various factors which may adversely affect payments on the Notes" above.

## EARLY REDEMPTION OF THE COLLATERALISED NOTES

The Option Holder may exercise the Call Option granted by the Issuer pursuant to the Deed Poll, requiring (or where the Option Holder is the Seller, requesting) the Issuer to sell the Portfolio. The Issuer is not permitted to dispose of the Portfolio in any other circumstances (other than in relation to an enforcement of the Security or the repurchase of a Loan and its Related Security by the Seller or CCFS as the Original Seller or the Legal Title Holder pursuant to the Mortgage Sale Agreement).

Pursuant to and subject to the terms of the Deed Poll, the Issuer will grant to the Option Holder the following rights (collectively, the "**Call Option**"), which may be exercised at any time on or after the Optional Purchase Commencement Date:

- (a) the right to require (or where the Option Holder is the Seller, request) the Issuer to sell and transfer to the Option Holder or a Third Party Purchaser (as identified in the Exercise Notice, the "**Beneficial Title Transferee**") the beneficial title to all (but not some) of the Loans and their Related Security comprising the Portfolio (the "**Whole Beneficial Title**") in consideration for the Optional Purchase Price; and
- (b) the right to require (or where the Option Holder is the Seller, request) the Issuer to transfer the legal title to all (but not some) of the Loans and their Related Security comprising the Portfolio (the "**Whole Legal Title**"), or if, at the time the Call Option is exercised, the Issuer does not hold legal title, the right to require the Issuer to procure that the Legal Title Holder transfers legal title, to the Option Holder, a Third Party Purchaser or any nominee of the Option Holder specified as such in the Exercise Notice (as identified in the Exercise Notice, the "**Legal Title Transferee**").

The Call Option may be exercised at any time on or after the Optional Purchase Commencement Date by notice from the Option Holder to the Issuer, with a copy to the Security Trustee, the Seller and each of the Rating Agencies, (such notice, an "**Exercise Notice**") that the Option Holder wishes to exercise the Call Option, for effect on an Interest Payment Date following the service of the Exercise Notice (the Interest Payment Date identified as the date on which the purchase by the Beneficial Title Transferee of the Whole Beneficial Title and (if applicable) the transfer of the Whole Legal Title to the Legal Title Transferee is expected to be completed pursuant to the terms of the Deed Poll being the "**Optional Purchase Completion Date**"). If the Option Holder does not intend to maintain Whole Legal Title with CCFS upon the exercise of the Call Option, the Option Holder must give notice in writing to CCFS at least 120 days prior to the Optional Purchase Completion Date confirming that it is the Option Holder and that it intends to exercise the Call Option.

The sale of the Whole Beneficial Title and (if applicable) the transfer of the Whole Legal Title pursuant to the Call Option shall also be subject to the following conditions:

- (a) either:
  - (i) the Beneficial Title Transferee and (if applicable) the Legal Title Transferee are resident for tax purposes solely in the United Kingdom; or
  - (ii) the Issuer, having received tax advice from an appropriately qualified and experienced United Kingdom tax adviser in the form and substance satisfactory to it (acting reasonably), or such other comfort as may reasonably be required by it (including, without limitation, any clearance or other confirmation granted by HM Revenue and Customs) ("**Tax Advice**"), is satisfied that sale of the Whole Beneficial Title and (if applicable) transfer of the Whole Legal Title will not create or increase any liabilities of the Issuer to United Kingdom tax or any tax imposed by the

jurisdiction of the Beneficial Title Transferee and (if applicable) the Legal Title Transferee. The costs relating to such Tax Advice shall be borne by the Option Holder;

- (b) either:
  - (i) the Legal Title Transferee has all the appropriate licences, approvals, authorisations, consents, permissions and registrations (including any approvals, authorisations, consents, permissions and registrations required to be maintained under the FSMA and any rules and regulations of the FCA) required to administer residential mortgage loans such as the Loans and their Related Security comprising the Portfolio (the "**Relevant Authorisations**"); or
  - (ii) the Beneficial Title Transferee has appointed a servicer who has the Relevant Authorisations and that the Legal Title Holder has confirmed in writing that it will hold legal title to the Loans and their Related Security comprising the Portfolio on trust for Beneficial Title Transferee; and
- (c) the Beneficial Title Transferee shall not be permitted to transfer the beneficial interest in any of the Loans and their Related Security comprising the Portfolio to a further purchaser until the transfer of the Whole Legal Title is perfected unless such transfer of beneficial interest is made to an entity which is within the charge to UK corporation tax as regards any payment relating to the Loans.

### **Optional Purchase Price**

The purchase price for the Loans and their Related Security comprising the Portfolio pursuant to the Call Option shall be an amount equal to the greater of:

- (a) the aggregate Current Balance of the Loans (excluding any Enforced Loans) comprising the Portfolio determined as at the Collection Period Start Date immediately preceding the Optional Purchase Completion Date; and
- (b) without double counting, the greater of:
  - (i) zero; and
  - (ii) an amount equal to:
    - (A) the amount required by the Issuer to pay in full all amounts payable under items (a) to (r) (inclusive) of the Pre-Enforcement Revenue Priority of Payments and items (a) to (f) (inclusive) of the Pre-Enforcement Redemption Priority of Payments, in each case on the immediately following Interest Payment Date  
  
*less*
    - (B) any Available Revenue Receipts and Available Redemption Receipts otherwise available to the Issuer, excluding any amounts standing to the credit of the Class A and Class B Liquidity Reserve Fund and the General Reserve Fund,

in each case, plus (i) the Issuer's costs and expenses associated with transferring its interests in any Loan and its Related Security to the Option Holder or its nominee (if any) and (ii) an amount agreed

between the Issuer and the Option Holder in respect of costs anticipated to be incurred by the Issuer after the Optional Purchase Completion Date (the "**Optional Purchase Price**").

Prospective investors should note that paragraph (b)(ii)(A) of the definition of the Optional Purchase Price does not include payment of principal and/or interest on the Class X Notes. Redemption of the Class X Notes in such a scenario will be subject to the availability of funds standing to the credit of the Class A and Class B Liquidity Reserve Fund and the General Reserve Fund at such time.

In connection with the exercise of the Call Option, the Beneficial Title Transferee will agree with the Issuer to (i) deposit an amount equal to the Optional Purchase Price in either an escrow account in the name of the Beneficial Title Transferee or in any other account as may be agreed between the Issuer and the Beneficial Title Transferee; or (ii) provide irrevocable payment instructions for an amount equal to the Optional Purchase Price for value on the Optional Purchase Completion Date to the Deposit Account or such other account as may be agreed between the Issuer and Beneficial Title Transferee, provided that such deposit shall be made or irrevocable payment instructions shall be given no later than (x) two Business Days prior to the Optional Purchase Completion Date or (y) such other date as the Issuer, at its sole discretion and the Beneficial Title Transferee may agree, provided further that the Optional Purchase Price or irrevocable payment instructions (as applicable) must be received by the Issuer in sufficient time to enable the Issuer to provide notice of redemption of the Collateralised Notes to the Noteholders pursuant to Conditions 8.3 (*Mandatory Redemption of the Notes in Full*) or 8.4 (*Mandatory Redemption of the Notes for Taxation or Other Reasons*) (as applicable); and/or (iii) take any other action as may be agreed by the Beneficial Title Transferee, the Issuer and the Security Trustee in relation to the payment of the Optional Purchase Price.

At the cost of the Option Holder, the Issuer shall serve, or if, at the time the Call Option is exercised, the Issuer does not hold the Whole Legal Title, direct the Legal Title Holder to serve all relevant notices and take all steps (including carrying out requisite registrations and recordings) in order to effectively vest the Whole Legal Title in the Legal Title Transferee, in each case subject to the terms and conditions set out in the Deed Poll, such notices to be given promptly after the Optional Purchase Completion Date.

### **Redemption of the Collateralised Notes and the cancellation of the Residual Certificates**

On the Optional Purchase Completion Date, the Optional Purchase Price will be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments and will result in the Collateralised Notes being redeemed in full.

Any Revenue Receipts or Redemption Receipts received by the Issuer from and including the Collection Period Start Date immediately prior to the Optional Purchase Completion Date to and including the Optional Purchase Completion Date (such amounts being "**Optional Purchase Collections**") will be payable to or for the account of the Beneficial Title Transferee and the Issuer shall transfer all such amounts to or for the account of the Beneficial Title Transferee on the Optional Purchase Completion Date, after the payment of which the Residual Certificates will be cancelled.

In this Prospectus:

"**Deed Poll**" means the deed poll dated on or about the Closing Date, executed by the Issuer, in favour of the Option Holder from time to time.

"**Option Holder**" means (a) (where the RC2 Residual Certificates are represented by Definitive Residual Certificates) the holder of greater than 50 per cent. in number of the RC2 Residual Certificates or (where the RC2 Residual Certificates are represented by a Global Residual Certificate) the Indirect Participant who holds the beneficial interest in more than 50 per cent. in number of the RC2 Residual Certificates or (b) where no person holds (where the RC2 Residual Certificates are

represented by Definitive Residual Certificates) greater than 50 per cent. in number of the RC2 Residual Certificates or (where the RC2 Residual Certificates are represented by a Global Residual Certificate) beneficial interest in more than 50 per cent. in number of the RC2 Residual Certificates, the person who holds the greatest aggregate number of RC2 Residual Certificates or, as applicable, beneficial interest in the greatest aggregate number of RC2 Residual Certificates.

**"Optional Purchase Commencement Date"** means the earlier of:

- (a) the Collection Period Start Date immediately preceding the Optional Redemption Date; or
- (b) any Collection Period Start Date on which the aggregate Current Balance of the Loans (excluding any Enforced Loans) is equal to or less than 10 per cent. of the aggregate Principal Amount Outstanding of the Collateralised Notes on the Closing Date; or
- (c) any Business Day following the occurrence of a Redemption Event.

**"Third Party Purchaser"** means a third party purchaser of the beneficial title to the Loans and their Related Security as nominated by the Option Holder in the Exercise Notice.



## **USE OF PROCEEDS**

On the Closing Date, the Issuer will use the net proceeds of the Collateralised Notes and part of the proceeds of the Class X Notes (other than amounts described in paragraph (a) to (c) below) to pay the Initial Consideration payable by the Issuer for the Portfolio to be acquired from the Seller on the Closing Date.

On the Closing Date, the Issuer will use part of the net proceeds of the Class X Notes to:

- (a) establish the General Reserve Fund;
- (b) establish the Class A and Class B Liquidity Reserve Fund; and
- (c) pay any initial costs and expenses of the Issuer incurred in connection with the issuance of the Notes and the Residual Certificates.

## RATINGS

The Notes, on issue, are expected to be assigned the following ratings by Fitch and Moody's. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency if, in its judgement, circumstances so warrant.

<b>Class of Notes</b>	<b>Fitch</b>	<b>Moody's</b>
Class A Notes	AAAsf	Aaa(sf)
Class B Notes	AA+sf	Aa2(sf)
Class C Notes	A+sf	Aa3(sf)
Class D Notes	BBB+sf	Baa1(sf)
Class E Notes	BBB-sf	Ba1(sf)
Class X Notes	BB+sf	Baa2(sf)

The ratings assigned to the Notes by both Fitch and Moody's address, *inter alia* (a) the likelihood of full and timely payment to the holders of the Class A Notes, the Class B Notes and, if no Class A Notes or Class B Notes remain outstanding, the Most Senior Class of Notes, of all payments of interest on each Interest Payment Date and (b) the likelihood of ultimate payment to the Noteholders of principal in relation to the Notes on or prior to the Final Maturity Date. The ratings assigned to the Notes by Moody's also address, *inter alia*, the expected loss to a Noteholder in proportion to the Principal Amount Outstanding on the Closing Date of the Class of Notes held by such Noteholder on the Final Maturity Date.

As of the date of this Prospectus, each of the Rating Agencies is a credit rating agency established in the EU and is registered under the CRA Regulation.

## THE ISSUER

### Introduction

The Issuer was incorporated in England and Wales on 4 November 2019 (registered number 12296835) as a public limited company under the Companies Act 2006. The registered office of the Issuer is Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ. The telephone number of the Issuer's registered office is + 44(0) 203 855 0285. The issued share capital of the Issuer comprises 50,000 ordinary shares of £1 each of which one share is fully-paid up and 49,999 shares are quarter-paid and all shares are held by Holdings (see "*Holdings*" below).

The Issuer has no Subsidiaries. The Seller does not own directly or indirectly any of the share capital of Holdings or the Issuer.

The Issuer was established as a special purpose vehicle solely for the purpose of issuing asset backed notes. The Issuer is permitted, pursuant to the terms of its articles of association, *inter alia*, to issue the Notes and the Residual Certificates. The Issuer will covenant to observe certain restrictions on its activities which are set out in Condition 5(b) (*Covenants*) and Residual Certificates Condition 5(b) (*Issuer Covenants*). Except for the purpose of hedging interest-rate or currency risk, the Issuer will not enter into derivative contracts for purposes of Article 21(2) of the Securitisation Regulation.

Under the Companies Act 2006 (as amended), the Issuer's governing documents may be altered by a special resolution of shareholders.

In accordance with the Corporate Services Agreement, the Corporate Services Provider will provide to the Issuer certain directors, a registered and administrative office, the arrangement of meetings of directors and shareholders and procure the service of a company secretary. No remuneration is paid by the Issuer to or in respect of any director or officer of the Issuer for acting as such.

The Issuer has not engaged, since its incorporation, in any material activities nor commenced operations other than those incidental to its registration as a public company under the Companies Act 2006 (as amended) and to the proposed issue of the Notes and Residual Certificates and the authorisation of the other Transaction Documents referred to in this Prospectus to which it is or will be a party and other matters which are incidental or ancillary to the foregoing. As at the date of this Prospectus, statutory accounts have not yet been prepared or delivered to the Registrar of Companies on behalf of the Issuer. The accounting reference date of the Issuer is 31 December and the first statutory accounts of the Issuer will be drawn up to 31 December 2020.

There is no intention to accumulate surpluses in the Issuer (other than amounts standing to the credit of the Class A and Class B Liquidity Reserve Fund Ledger, the Issuer Profit Ledger and the General Reserve Fund Ledger).

### Directors

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

<u>Name</u>	<u>Business Address</u>	<u>Business Occupation</u>
CSC Directors (No. 1) Limited	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Corporate Director
CSC Directors (No. 2) Limited	Level 37, 25 Canada Square,	Corporate Director

<b>Name</b>	<b>Business Address</b>	<b>Business Occupation</b>
	Canary Wharf, London E14 5LQ	
John Paul Nowacki	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Director

The directors of CSC Directors (No. 1) Limited and CSC Directors (No. 2) Limited and their principal activities are as follows:

<b>Name</b>	<b>Business Address</b>	<b>Principal Activities</b>
John Paul Nowacki	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Director
Jonathan Hanly	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Director
Constantinos Kleanthous	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Director
Vinoy Nursiah	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Director
Debra Parsall	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Director
Aline Sternberg	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Director
Catherine McGrath	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Director
Lara Nasato	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Director
Charmaine De Castro	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Director

The Issuer has no loan capital, borrowings or material contingent liabilities (including guarantees) as at the date of this Prospectus.

## HOLDINGS

### Introduction

Holdings was incorporated in England and Wales on 4 November 2019 (registered number 12297001) as a private limited company under the Companies Act 2006 (as amended). The registered office of Holdings is Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ. The issued share capital of Holdings comprises one ordinary share of £1. CSC Corporate Services (UK) Limited (the "**Share Trustee**") holds the entire beneficial interest in the issued share under a discretionary trust for discretionary purposes. Holdings holds the beneficial interest in the issued share capital of the Issuer.

Neither the Seller nor any company connected with the Seller can direct the Share Trustee and none of such companies has any control, direct or indirect, over Holdings or the Issuer.

Pursuant to the terms of its articles of association, Holdings is permitted, *inter alia*, to hold shares in the Issuer.

Holdings has not engaged since its incorporation in any material activities other than those activities incidental to the authorisation and implementation of the Transaction Documents referred to in this Prospectus to which it is or will be a party and other matters which are incidental or ancillary to the foregoing.

### Directors

The directors of Holdings and their respective business addresses and occupations are:

Name	Business Address	Business Occupation
CSC Directors (No. 1) Limited	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Corporate Director
CSC Directors (No. 2) Limited	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Corporate Director
John Paul Nowacki	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Director

The directors of CSC Directors (No. 1) Limited and CSC Directors (No. 2) Limited and their respective occupations are:

Name	Business Address	Principal Activities
J.P Nowacki	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Director
Jonathan Hanly	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Director
Constantinos Kleanthous	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Director

<b>Name</b>	<b>Business Address</b>	<b>Principal Activities</b>
Vinoy Nursiah	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Director
Debra Parsall	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Director
Aline Sternberg	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Director
Catherine McGrath	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Director
Lara Nasato	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Director
Charmaine De Castro	Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ	Director

The accounting reference date of Holdings is 31 December and the first statutory accounts of Holdings will be drawn up to 31 December 2020.

Holdings has no employees.

## **THE LEGAL TITLE HOLDER AND THE ORIGINAL SELLER**

CCFS is a private limited company incorporated in England on 14 November 2008 (registration number 6749498). CCFS operates as a retail savings bank, and is an originator and servicer of residential mortgage loans in the United Kingdom.

CCFS is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority under FRN 494549. It is a Member of UK Finance and the Intermediary Mortgage Lenders Association.

CCFS holds and maintains applicable registrations under the Data Protection Act 2018 and the relevant permissions on the FCA's financial services register to carry out relevant mortgage lending activities required under the FSMA.

CCFS has servicer ratings of RSS2 and RPS2 by Fitch Ratings Limited.

CCFS is 100 per cent. owned by Charter Court Financial Services Group plc ("**CCFSG**"), a public limited company originally established on 1 October 2008 under the laws of England (registration number 6712054) and re-registered as a public limited company on 27 September 2017.

On 4 October 2019, CCFSG was acquired by OneSavings Bank plc, effected by way of a court-sanctioned scheme of arrangement filed at Companies House on 9 October 2019.

CCFSG and its affiliated group companies specialise in mortgage origination, mortgage servicing, and retail savings deposits.

CCFS was at the time of origination of the loans in the Portfolio originated on or after 6 January 2015 a credit institution as defined in point (1) of Article 4.1 of Regulation (EU) No. 575/2013 and has significantly more than five years of experience in the servicing, origination and underwriting of mortgage loans similar to those in the Portfolio.

The registered office of CCFS is at 2 Charter Court, Broadlands, Wolverhampton WV10 6TD.

## **THE SELLER**

Broadlands is a private limited company incorporated in England on 9 July 2009 (registration number 06957973).

Broadlands is 100 per cent. owned by Charter Court Financial Services Group plc ("**CCFSG**"), a public limited company originally established on 1 October 2008 under the laws of England (registration number 6712054) and re-registered as a public limited company on 27 September 2017.

On 4 October 2019, CCFSG was acquired by OneSavings Bank plc, effected by way of a court-sanctioned scheme of arrangement filed at Companies House on 9 October 2019.

CCFSG and its affiliated group companies specialise in mortgage origination, mortgage servicing, and retail savings deposits.

The registered office of Broadlands is at 2 Charter Court, Broadlands, Wolverhampton WV10 6TD.



## **THE SERVICER**

CML is a private limited company incorporated in England on 14 November 2008 (registration number 6749495). CML is utilised by Charter Court Financial Services Group plc ("**CCFSG**") as a provider of non-bank wholesale funding by CCFSG and its subsidiaries and separately provides legal title holding services to third party owners of mortgage portfolios.

The consolidated group to which CML belongs for accounting or prudential purposes has included the servicing of exposures of a similar nature to those securitised for significantly more than five years.

CML is authorised and regulated by the Financial Conduct Authority under FRN 739516. CML has the relevant FCA permissions to carry out mortgage lending and servicing activities required under the FSMA and also holds and maintains applicable registrations under the Data Protection Act 2018.

CML is 100 per cent. owned by CCFSG. CCFSG is a public limited company originally established as a private limited company on 1 October 2008 under the laws of England (registration number 6712054), and re-registered as a public limited company on 27 September 2017.

On 4 October 2019, CCFSG was acquired by OneSavings Bank plc, effected by way of a court-sanctioned scheme of arrangement filed at Companies House on 9 October 2019.

CCFSG and its affiliated group companies specialise in mortgage origination, mortgage servicing, and retail savings deposits.

The registered office of CML is at 2 Charter Court, Broadlands, Wolverhampton WV10 6TD.

## **THE CASH MANAGER**

U.S. Bank Global Corporate Trust Limited is a limited liability company incorporated under the laws of England and Wales with its office at 125 Old Broad Street, London EC2N 1AR, United Kingdom.

U.S. Bank Global Corporate Trust Limited is part of the worldwide Corporate Trust business of the U.S. Bancorp group. In Europe, the Corporate Trust business is conducted in combination with Elavon Financial Services DAC (the legal entity through which Corporate Trust banking and certain agency appointments are conducted), U.S. Bank Trustees Limited (the legal entity through which Corporate Trust trustee appointments are conducted) and U.S. Bank National Association (the legal entity through which the Corporate Trust Division conducts business in the United States).

The Corporate trust business of U.S. Bancorp is one of the world's largest providers of corporate trust services with more than USD4 trillion in assets under administration in municipal, corporate, asset-backed and international bonds. The division provides a wide range of trust and agency services such as calculation/paying agent, collateral administration and custody through its network of more than 50 U.S.-based offices and European offices in London and Dublin.

U.S. Bancorp (NYSE: USB) is the parent company of U.S. Bank National Association, the fifth largest commercial bank in the United States. Visit U.S. Bancorp on the web at [www.usbank.com](http://www.usbank.com). The information on this website does not form part of this Prospectus.

## **ISSUER ACCOUNT BANK**

Elavon Financial DAC, trading as U.S. Bank Global Corporate Trust, is an integral part of the worldwide Corporate Trust business of the U.S. Bancorp group in Europe. U.S. Bank Global Corporate Trust conducts business through Elavon Financial Services DAC from its offices in Dublin at Building 8, Cherrywood Business Park, Loughlinstown, Dublin 18, Ireland D18 W319 and through its UK Branch London at 125 Old Broad Street, London EC2N 1AR, United Kingdom.

Elavon Financial Services DAC is a bank incorporated in Ireland and a wholly owned subsidiary of U.S. Bank National Association. Elavon Financial Services DAC is authorised by the Central Bank of Ireland and the activities of its UK Branch are also subject to the limited regulation of the UK Financial Conduct Authority and Prudential Regulation Authority.

In Europe, the Corporate Trust business is conducted in combination with U.S. Bank Global Corporate Trust Limited (the legal entity through which certain Corporate Trust agency appointments are conducted), U.S. Bank Trustees Limited (the legal entity through which Corporate Trust trustee appointments are conducted) and U.S. Bank National Association (the legal entity through which Corporate Trust conducts business in the United States).

The Corporate trust business of U.S. Bancorp is one of the world's largest providers of corporate trust services with more than USD4 trillion in assets under administration in municipal, corporate, asset-backed and international bonds. The Corporate Trust business provides a wide range of trust and agency services such as calculation/paying agent, collateral administration and custody through its network of more than 50 U.S.-based offices and European offices in London and Dublin.

U.S. Bancorp (NYSE: USB) is the parent company of U.S. Bank National Association, the fifth largest commercial bank in the United States. Visit U.S. Bancorp on the web at [www.usbank.com](http://www.usbank.com). The information on this website does not form part of this Prospectus.

## **THE NOTE TRUSTEE AND SECURITY TRUSTEE**

U.S. Bank Trustees Limited is a limited liability company incorporated under the laws of England and Wales with its office at 125 Old Broad Street, Fifth Floor, London, EC2N 1AR, United Kingdom.

U.S. Bank Trustees Limited, is part of the worldwide Corporate Trust business of the U.S. Bancorp group. In Europe, the Corporate Trust business is conducted in combination with Elavon Financial Services DAC, U.S. Bank Global Corporate Trust Limited (the legal entities through which Corporate Trust banking and agency appointments are conducted) and U.S. Bank National Association, (the legal entity through which the Corporate Trust Division conducts business in the United States).

The Corporate trust business of U.S. Bancorp is one of the world's largest providers of corporate trust services with more than USD4 trillion in assets under administration in municipal, corporate, asset-backed and international bonds. The division provides a wide range of trust and agency services such as calculation/paying agent, collateral administration and custody through its network of more than 50 U.S.-based offices and European offices in London and Dublin.

U.S. Bancorp (NYSE: USB) is the parent company of U.S. Bank National Association, the fifth largest commercial bank in the United States. Visit U.S. Bancorp on the web at [www.usbank.com](http://www.usbank.com). The information on this website does not form part of this Prospectus.

## THE SWAP PROVIDER

Lloyds Bank Corporate Markets plc ("**Lloyds Bank Corporate Markets**") is a wholly owned subsidiary of Lloyds Banking Group plc (together with its subsidiary undertakings from time to time, "**Lloyds Banking Group**"), was incorporated under the laws of England and Wales on 28 September 2016 (registration number 10399850) and is authorised by the Prudential Regulation Authority ("**PRA**") and regulated by the Financial Conduct Authority and the PRA. Lloyds Bank Corporate Markets' registered office is at 25 Gresham Street, London EC2V 7HN, United Kingdom.

Lloyds Bank Corporate Markets was created in response to the Financial Services (Banking Reform) Act 2013, which took effect from 1 January 2019 and requires the separation of certain commercial banking activities and international operations from the rest of the Lloyds Banking Group.

Lloyds Bank Corporate Markets and its subsidiaries provides deposit taking, lending and transaction banking products and services to customers (both new and existing) and is also responsible for the provision of certain wholesale banking products and services (including loan markets, bonds and asset securitisation and elements of foreign exchange, commodities and rate management). Lloyds Bank Corporate Markets has a client-led strategy, focused on UK based clients and international clients with a link to the UK.

Additional information on Lloyds Bank Corporate Markets, and Lloyds Banking Group's approach to ring-fencing, is available from Investor Relations, Lloyds Banking Group, 25 Gresham Street, London EC2V 7HN or from the following internet website address: <http://www.lloydsbankinggroup.com>. The information on this website does not form part of this Prospectus.

## THE COLLECTION ACCOUNT BANK

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

The Group is a transatlantic consumer and wholesale bank with global reach offering products and services across personal, corporate and investment banking, credit cards and wealth management anchored in the Group's two home markets of the UK and the US. The Group is organised into two clearly defined business divisions – Barclays UK division and Barclays International division. These are housed in two banking subsidiaries – Barclays UK sits within Barclays Bank UK PLC and Barclays International sits within the Bank – which operate alongside Barclays Execution Services Limited but, in accordance with the requirements of ring-fencing legislation, independently from one another. Barclays Execution Services Limited drives efficiencies in delivering operational and technology services across the Group.

The Bank and the Bank Group offer products and services designed for the Group's larger corporate, wholesale and international banking clients.

The short term unsecured obligations of the Bank are rated A-1 by S&P's Global Ratings Europe Limited, P-1 by Moody's Investors Service Ltd. and F1 by Fitch Ratings Limited and the long term unsecured unsubordinated obligations of the Bank are rated A by S&P's Global Ratings Europe Limited, A2 by Moody's Investors Service Ltd. and A+ by Fitch Ratings Limited.

Based on the Bank Group's audited financial information for the year ended 31 December 2018, the Bank Group had total assets of £877,700m (2017: £1,129,343m), total net loans and advances of £136,959m (2017: £324,590m), total deposits of £199,337m (2017: £399,189m), and total equity of £47,711m (2017: £65,734m) (including non-controlling interests of £2m (2017: £1m)). The profit before tax of the Bank Group for the year ended 31 December 2018 was £1,286m (2017: £1,758m) after credit impairment charges and other provisions of £643m (2017: £1,553m). The financial information in this paragraph is extracted from the audited consolidated financial statements of the Bank for the year ended 31 December 2018.

Based on the Bank Group's unaudited financial information for the six months ended 30 June 2019, the Bank Group had total assets of £969,266m, total net loans and advances of £144,664m, total deposits of £215,125m, and total equity of £52,610m (including non-controlling interests of £0m). The profit before tax of the Bank Group for the six months ended 30 June 2019 was £1,725m (30 June 2018: £725m) after credit impairment charges and other provisions of £510m (30 June 2018: £156m). The financial information in this paragraph is extracted from the unaudited condensed consolidated interim financial statements of the Bank for the six months ended 30 June 2019.

## **THE CORPORATE SERVICES PROVIDER AND BACK-UP SERVICER FACILITATOR**

CSC Capital Markets UK Limited (registered number 10780001), having its principal address at Level 37, 25 Canada Square, Canary Wharf, London E14 5LQ, will be appointed to provide corporate services to the Issuer and Holdings pursuant to the Corporate Services Agreement.

CSC Capital Markets UK Limited has served and is currently serving as corporate service provider and back-up servicer facilitator for numerous securitisation transactions and programmes involving pools of mortgage loans.

## THE LOANS

### The Portfolio

#### Introduction

The following is a description of some of the characteristics of the Loans including details of loan types and selected statistical information.

The Original Seller procured the selection of the Loans for transfer into the Provisional Portfolio, using a system containing defined data on each of the qualifying loans. This system allows the setting of exclusion criteria among others corresponding to relevant Loan Warranties that the Seller will make in the Mortgage Sale Agreement in relation to the Loans. Once the criteria have been determined, the system identifies all loans owned by the Original Seller that are consistent with the criteria. The Loans selected for transfer into the Provisional Portfolio are representative of the residential loans meeting the selection criteria which the Original Seller holds immediately prior to the sale of the Portfolio. After a pool of Loans is selected in this way, the constituent Loans are monitored so that they continue to comply with the Loan Warranties on the Closing Date.

Unless otherwise indicated, the description that follows relates to types of loans that could be sold to the Issuer as part of the Portfolio as at the Closing Date.

#### *The Portfolio*

The Portfolio from time to time after the Closing Date will comprise loans advanced to the Borrowers upon the security of residential property situated in England, Wales or Scotland, such loans acquired pursuant to the Mortgage Sale Agreement and Scottish Declaration of Trust (as applicable), other than Loans which have been repaid or which have been purchased from the Issuer pursuant to the Mortgage Sale Agreement and Scottish Declaration of Trust (as applicable).

#### *Origination of the Portfolio*

The Portfolio comprises of Loans originated by the Legal Title Holder under its trading name of Precise Mortgages ("**Precise**") and acquired by the Seller from the Original Seller pursuant to the Mortgage Sale Agreement on the Closing Date, prior to the sale of the Portfolio from the Seller to the Issuer.

#### *Security*

All of the Loans are secured by first ranking Mortgages.

#### *Interest Rate Types*

The Portfolio consists of Loans which have (currently or after an initial specific period) a variable interest rate (the "**Floating Mortgage Rate**") that is based on the London Interbank Offered Rate for Sterling deposits ("**LIBOR**") or BBR plus, for each mortgage, a fixed margin expressed as a percentage over the Floating Mortgage Rate, including:

- (i) Loans where the Floating Mortgage Rate continues for a specific period that reverts to a different Floating Mortgage Rate for the life of the mortgage;
- (ii) Loans where the interest rate applicable to that Loan is a fixed rate of interest for a specific period that reverts to a Floating Mortgage Rate; and



- (iii) Loans where the Floating Mortgage Rate continues for the life of the mortgage.

In the event of the discontinuation of LIBOR, the alternative rate of interest payable by the Borrowers will change in accordance with the terms of those Loans subject always to any applicable laws and the Standard Documentation.

### **Characteristics of the Loans**

The assessment of a Borrower's creditworthiness is conducted in accordance with the Lending Criteria and, where appropriate, shall meet the requirements set out in Article 8 of Directive 2008/48/EC or paragraphs 1 to 4, point (a) of paragraph 5, and paragraph 6 of Article 18 of Directive 2014/17/EU.

### ***Repayment Terms***

Loans may combine one or more of the features listed in this section. Other customer incentives may be offered with the product including free valuations and payment of legal fees. Overpayments are allowed on all products, within certain limits. See "*Overpayments and Early Repayment Charges*" below.

Loans are typically repayable on one of the following bases:

- **Repayment Loan:** the Borrower makes monthly payments of both interest and principal so that, when the Loan matures, the full amount of the principal of the Loan will have been repaid;
- **Interest-only Loan:** the Borrower makes monthly payments of interest but not of principal so that, when the Loan matures, the entire principal amount of the Loan is still outstanding and is payable in one lump sum; and
- a combination of both these options.

The required monthly payment in respect of the Loans may alter from month to month for various reasons, including changes in interest rates.

Principal prepayments may be made in whole or in part at any time during the term of a Loan, subject to the payment of any Early Repayment Charges (as described in "*Overpayments and Early Repayment Charges*" below). A prepayment of the entire outstanding balance of a loan discharges the mortgage. Any prepayment in full must be made together with all accrued interest, arrears of interest, any unpaid expenses and any applicable repayment fee(s).

Various methods are available to Borrowers for making payments on the Loans, including:

- Direct Debit from a bank or building society account; and
- Standing Order from a bank or building society account.

### ***Capitalising Arrears***

In certain circumstances following the accrual of Arrears representing amounts other than principal repayments on a Loan, the relevant Borrowers may be given the option to capitalise such Arrears. "**Capitalisation**" is an arrangement to manage Arrears in respect of a Loan, which involves adding the balance of Arrears (other than Arrears of principal) in respect of such Loan to the Current Balance of such Loan and allowing that amount to be cleared over the remaining term of such Loan.

The Servicer shall assess and service any Capitalisation in accordance with the capitalisation policy relating to the capitalisation of Arrears, as such policy applies to all loans serviced by the Servicer from time to time (including the Loans) (the "**Capitalisation Policy**"). As at the date of this Prospectus, the Capitalisation Policy contains the following features:

- (a) Capitalisation will only be considered as a treatment when:
  - (i) the Servicer understands the relevant Borrower's financial and personal circumstances;
  - (ii) long term affordability has been explored with the relevant Borrower;
  - (iii) all other treatments have been appropriately explored or exhausted with the relevant Borrower;
  - (iv) it is deemed by the relevant Borrower to be in its best interest; and
  - (v) the relevant Borrower has completed an income and expenditure assessment.
- (b) The risks and implications associated with Capitalisation will be clearly articulated to the Borrower prior to capitalising their Arrears. The Borrower will be advised to seek independent advice before deciding if Capitalisation is the right option for them.
- (c) Capitalisation will not be applied automatically.
- (d) In order to be eligible for Capitalisation:
  - (i) the relevant Borrower should have maintained its contractual monthly payments for a minimum of 12 consecutive months and have demonstrated an ability to maintain the higher payments due as a result of the Capitalisation; and
  - (ii) the relevant Borrower must not have had any Arrears capitalised in the preceding 12 months.

The Servicer may update the Capitalisation Policy from time to time in accordance with the standards of a Reasonable, Prudent Residential Mortgage Servicer. In so doing the Servicer shall adhere to the then current regulatory requirements imposed by and/or guidance issued by, without limitation, the FCA and the CCA. See the section entitled "*Information Relating to the Regulation of Mortgages in the UK – Consumer Protection from Unfair Trading Regulations 2008*" for further details.

"**Arrears**" means as at any date in respect of any Loan, all amounts currently due and payable on that Loan which remain unpaid on that date, provided that such overdue amounts equal, in aggregate, one or more full Monthly Instalments.

#### ***Overpayments and Early Repayment Charges***

**Overpayments** – Overpayments are allowed on all products, although an Early Repayment Charge may be payable. Borrowers may either increase their regular monthly payments above the normal monthly payment then applicable or make lump sum payments at any time.

For the Loans in the Portfolio, if Borrowers with daily calculations of interest pay more than the scheduled monthly payment, unless otherwise requested by the relevant Borrower, the amount will remain as a credit arrears position until such point as sufficient further overpayments are received to increase the value to £1,000.

**Early Repayment Charges** – The Borrower will be required to pay an Early Repayment Charge if certain events occur during an initial predetermined product period and the Servicer has not waived or revised its policy with regards the payment of early repayment charges. These events include a full or partial unscheduled repayment of principal (above a nominal amount) prior to the loan's reversion date. If all or part of the principal owed by the Borrower, other than the scheduled monthly payments, is repaid before the end of the initial product period, the Borrower will be liable to pay to the Legal Title Holder (for the benefit of the Issuer) a repayment fee based on the amount repaid.

Amounts of principal may be prepaid in full or in part on any Business Day. The Borrower may make an early repayment of a part of the principal due on the relevant Loan.

In respect of the Loans comprising the Portfolio, an Early Repayment Charge will be incurred if Borrowers pay more than the scheduled monthly payment prior to the reversion date. See the second paragraph above for further details.

### ***Right to Buy***

Right to Buy provisions of the Housing Act 1985 and/or the Housing (Scotland) Act 1987.

Certain of the Loans ("**Right to Buy Loans**") have been made in whole or in part to a Borrower for the purpose of enabling that Borrower to exercise his right to buy the relevant Property under Section 156 of the Housing Act 1985 or (prior to 31 July 2016) Section 61 of the Housing (Scotland) Act 1987.

Properties sold under the "**Right to Buy**" scheme of the Housing Act 1985 or the Housing (Scotland) Act 1987 (as applicable) are sold by the Local Authority at a discount to market value calculated in accordance with the Housing Act 1985 or the Housing (Scotland) Act 1987 (as applicable). A purchaser under this scheme in England and Wales must repay the whole of the discount if he or she disposes of the property within one year of acquiring it from the Local Authority, four-fifths if he or she does so within two years, three-fifths if within three years, two-fifths if within four years and one-fifth if within five years. A purchaser under the scheme of the Housing (Scotland) Act 1987 (as amended), must repay the whole of the discount if he or she sells the property within one year, two-thirds if he or she does so within two years and one third if within three years. The Local Authority obtains a statutory charge or (in Scotland) a standard security over the property in respect of the contingent liability of the purchaser under the scheme to repay the discount. This statutory charge or standard security ranks senior to other charges including that of any mortgage lenders, unless (i) the mortgage lender is an approved lending institution for the purposes of the Housing Act 1985 or, in Scotland, a recognised lending institution under the relevant legislation and has extended the mortgage loan to the purchaser for the purpose of enabling him to exercise the right to buy or (ii) the relevant Local Authority issues a deed of postponement or ranking agreement postponing its statutory charge or standard security to that of a mortgage lender.

### ***Title to the Portfolio***

Pursuant to and under the terms of the Mortgage Sale Agreement or the Scottish Declaration of Trust (as applicable) dated on or about the Closing Date, the Original Seller will transfer to the Seller and the Seller will transfer to the Issuer the equitable or (in respect of the Scottish Loans will procure the transfer of) beneficial title to the Loans and their Related Security. The Legal Title Holder has agreed (at the direction of the Seller) to transfer legal title to the Loans and their Related Security to the Issuer, and the Issuer has undertaken to seek the transfer of legal title, only following the occurrence of a Perfection Event (as set out below).

None of the above mentioned transfers to the Issuer is to be completed by registration at the Land Registry or the Registers of Scotland (as the case may be) or notice given to the relevant Borrowers

until the occurrence of one of the events mentioned below. The English Loans in the Portfolio and their Related Security are accordingly owned in equity only by the Issuer pending such registration and notification and the Scottish Loans in the Portfolio and their Related Security are accordingly held on trust for the Issuer pending such registration and notification. Legal title in the Loans and their Related Security will continue to be vested in the Legal Title Holder until the occurrence of a Perfection Event. In the case of the Loans secured over registered land in England or Wales or registered or recorded land in Scotland which will be transferred to the Issuer on the Closing Date, the Legal Title Holder has agreed to remain on the Land Registry or the Registers of Scotland, as applicable, as the legal mortgagee or as heritable creditor. Following the occurrence of a Perfection Event, the Legal Title Holder has agreed, in the Mortgage Sale Agreement, to transfer legal title to the Issuer, which transfer will be perfected by steps including filing forms and assignments of standard securities at the Land Registry or the Registers of Scotland and notifying the Borrower of such transfer, as applicable, by the Issuer.

The Issuer will grant a first fixed charge in favour of the Security Trustee over its interest in the Loans (being, in respect of the Scottish Loans, an assignation in security of its interest in and to the Scottish Declaration of Trust and the trust constituted thereunder).

Save as mentioned below, the Security Trustee has undertaken not to effect any registration at the Land Registry or the Registers of Scotland (as the case may be) to protect the sale of the Loans to the Issuer or the granting of security over the Loans by the Issuer in favour of the Security Trustee nor, save as mentioned below, to obtain possession of Title Deeds to the properties the subject of the Loans.

Notices of the equitable assignments or declarations of trust in favour of the Issuer and the security in favour of the Security Trustee will not, save as mentioned below, be given to the Borrowers under the Loans (being, in respect of the Scottish Loans, an assignation in security of its interest in and to the Scottish Declaration of Trust and trust constituted thereunder).

As noted above, until the occurrence of a Perfection Event, the Issuer and the Security Trustee will not take actions to effect a transfer of legal title to the Loans and their Related Security to the Issuer. The following events constitute Perfection Events:

- (a) the Legal Title Holder being required to perfect legal title to the Loans by an order of a court of competent jurisdiction or by a regulatory authority which has jurisdiction over the Legal Title Holder or by any organisation of which the Legal Title Holder is a member, or whose members comprise (but are not necessarily limited to) mortgage lenders and with whose instructions it is customary for the Legal Title Holder to comply, to perfect legal title to the Loans and their Related Security; or
- (b) it becoming necessary by law to do any or all of the acts referred to in paragraph (a) above; or
- (c) the security created under or pursuant to the Deed of Charge or any material part of that security being, in the opinion of the Security Trustee, in jeopardy; or
- (d) the Legal Title Holder calling for perfection by serving notice in writing to that effect on the Issuer and the Security Trustee; or
- (e) an Insolvency Event occurring in relation to the Legal Title Holder or the Seller; or
- (f) it becoming unlawful in any applicable jurisdiction for the Legal Title Holder to hold legal title in respect of any Loan in the Portfolio; or

- (g) the Legal Title Holder or Seller is in breach of its obligations under the Mortgage Sale Agreement, but only if (i) such breach, where capable of remedy, is not remedied to the reasonable satisfaction of the Security Trustee (acting in accordance with the Deed of Charge) within 90 calendar days and (ii) Moody's and/or Fitch shall have provided confirmation that the then current ratings of the Notes will be withdrawn, downgraded or qualified as a result of such breach; or
- (h) if the Legal Title Holder determines, as at any date, the CET1 Ratio of the OSB Group has fallen below 7.00 per cent,

provided that the provisions of paragraphs (g) and/or (h) above shall (1) not apply if the Seller has delivered a certificate to the Security Trustee that the occurrence of such event does not impact the designation as a 'simple, transparent and standardised' securitisation (within the meaning of the Securitisation Regulation); and (2) be subject to such amendment as the Seller may require so long as the Seller delivers a certificate to the Security Trustee that the amendment of such event does not impact the designation as a 'simple, transparent and standardised' securitisation (within the meaning of the Securitisation Regulation). The Security Trustee shall be able to rely on such certificate without further enquiry and without liability to any person.

**"OSB Group"** means the consolidated group regulated by the PRA of which OneSavings Bank plc is a member.

Following the occurrence of a Perfection Event, the Issuer and the Security Trustee will each be entitled to take all necessary steps to perfect legal title to its interests in the Loans and their Related Security, including the carrying out of any necessary registrations, recordings and notifications. In furtherance of these rights, the Legal Title Holder has granted the Issuer and the Security Trustee an irrevocable power of attorney to take certain action in the name of the Legal Title Holder (including action required to perfect a legal transfer of the Loans and their Related Security).

### ***Warranties and Breach of Warranties in relation to the Loans***

The Mortgage Sale Agreement contains certain representations and warranties given by the Seller in favour of the Issuer in relation to the Loans and their Related Security sold to the Issuer pursuant to the Mortgage Sale Agreement.

No searches, enquiries or independent investigation of title of the type which a prudent purchaser or mortgagee would normally be expected to carry out have been or will be made by the Issuer. The Issuer will rely entirely on the benefit of the representations and warranties given to it under the Mortgage Sale Agreement.

If there is an unremedied material breach of any of the Loan Warranties given under the Mortgage Sale Agreement then the Seller is required to repurchase the relevant Loan pursuant to the Mortgage Sale Agreement for consideration in cash equal to the Current Balance of the Loans (disregarding for the purposes of any such calculation the extent to which the Current Balance of such Loan has been reduced as a result of the exercise of any set-off right which the relevant Borrower has against the Legal Title Holder, the amount of any such reduction in the Current Balance) and any repurchase costs on the relevant date of any such repurchase. If a Loan has never existed, or has ceased to exist, such that it is not outstanding on the date on which it is due to be repurchased then the Seller shall indemnify the Issuer and the Security Trustee against any loss, costs or expenses, suffered by reason of any Loan Warranty relating to or otherwise affecting that Loan being untrue or incorrect.

## Lending Criteria

As at the date of this Prospectus, Precise offers a number of different products, including first ranking mortgage loans, second ranking mortgage loans and bridging loans. The loans comprised in the Portfolio will all consist of loans secured by (in the case of English Loans) a first charge or (in the case of Scottish Loans) a first ranking standard security against residential properties located in England or Wales (in the case of English Loans) or Scotland (in the case of Scottish Loans). All relevant Borrowers are required to have (in respect of an English Loan) good and marketable title or (in respect of a Scottish Loan) valid and marketable heritable or long lease title to the relevant Property free from any encumbrance (except the relevant Mortgage) which would adversely affect such title.

Save for Title Deeds held at the Land Registry or the Registers of Scotland (as the case may be), all the Title Deeds and the mortgage files and computer tapes relating to each of the Loans and their Related Security are held by the Legal Title Holder or the Servicer (on behalf of the Legal Title Holder) or its solicitors or agents and the Title Deeds are held in dematerialised form or are returned to the Borrower's solicitors and in relation to the Title Deeds held at the Registers of Scotland in respect of Properties title to which is recorded in the General Register of Sasines, such Title Deeds are held on the basis that they (other than the dematerialised copies of the Title Deeds) shall be returned to the Legal Title Holder or the Servicer or its solicitors or agents.

Only properties of suitable construction are considered acceptable as security and properties including (but not limited to) the following are not acceptable to Precise:

- property where commercial usage exceeds 20 per cent.;
- flats or maisonettes in blocks exceeding 20 storeys;
- mobile homes and houseboats;
- property where saleability may be adversely affected by local planning or by an unsatisfactory mining search; and
- any property deemed unsuitable security by the valuer.

In relation to its residential owner occupied lending, Precise lends to individuals only and not to companies. Individuals are required to (a) be a national of the UK, (b) be a national of a Member State of the European Economic Area, or (c) otherwise have permanent rights to reside in the UK. Where individuals qualify under either (b) or (c) they are also required to have been a resident in the UK for the last 3 years.

Precise does not accept any re-mortgage applications within 12 months of either the original purchase date of the property or the last re-mortgage date.

The maximum single loan amount permitted by Precise is £2,000,000. The maximum term is 35 years. The minimum age of borrowers at the time of application is 21 years old. The maximum age of contributory borrowers at the end of the mortgage term is 75 years old. Non contributory applicants (i.e. income not required to support the loan) may be up to 85 years old at the end of the mortgage term.

The loan to value ("**LTV**") in relation to purchases is calculated by dividing the total amount of the loan (net of fees) by the current market value determined by the valuation or the purchase price of the property (whichever is the lower). The maximum LTV is 85 per cent. for loan amounts up to £500,000, 80 per cent. for loans over £500,000 up to £750,000, 70 per cent. for loan values over

£750,000 up to £1,000,000 and 60 per cent. for loan values over £1,000,000 up to £2,000,000 (net of any amounts added to the loan in respect of fees). In relation to re-mortgages, the maximum LTV available is calculated based on the current market value determined by the valuation. Valuations are carried out in accordance with a valuation methodology as would be acceptable to a Reasonable, Prudent Residential Mortgage Lender.

An interest-only repayment type is not permitted for Right to Buy Loans and Help to Buy Equity Loans. The maximum LTV is 75%. Loans originated on a part interest-only and part repayment basis are acceptable up to a maximum of 75% (50% interest only element). Where there is any element of interest-only repayment, the means of ultimate repayment must be validated and recorded to the system. The value of the repayment vehicle must be at least equal to the net loan amount at the time of application.

Acceptable repayment vehicles are:

- sale of security – subject to a minimum £150,000 equity at origination;
- savings / investments;
- sale of an additional property; and
- pension.

The valuers panel is maintained (including the appointment of valuer firms to the panel) by the credit risk department of the Legal Title Holder with no involvement of sales or product staff. Likewise, sales and product staff are not involved in the selection of the valuer firm from the valuers panel engaged to carry out the valuation of the Properties in connection with each Loan.

All borrowers must pass affordability in consideration of the total amount of the loan (i.e. inclusive of application fees). The interest rate to be applied to the affordability calculation is defined as follows:

- if the product is a floating rate product, the higher of the incentive or reversion rate stressed by a figure determined by the 60-months Bank of England forward sterling rate (subject to a 3% minimum);
- if the product is a fixed rate product for less than 5 years, the reversion rate stressed by a figure determined by the 60-months Bank of England forward sterling rate (subject to a 3% minimum). However, if the reversion rate plus the stress rate is less than the incentive rate, then the incentive rate applies; and
- if the product is a fixed rate product for more than five years, the incentive rate.

### ***Servicing of the Portfolio***

The Servicer will be required from the Closing Date to service the Portfolio as an agent of the Issuer and the Security Trustee and, where applicable, the Legal Title Holder under and in accordance with the terms of the Servicing Agreement. The duties of the Servicer will include, among other things:

- operating the Collection Accounts and ensuring that payments are made into and from the Collection Accounts in accordance with the Servicing Agreement;
- notifying the Borrowers of any change in their Monthly Instalments;

- providing a redemption statement upon the request of a Borrower or the Borrower's solicitor or licensed or qualified conveyancer;
- taking all reasonable steps to recover all sums due to the Issuer, including by the institution of proceedings and/or the enforcement of any Mortgage or any Related Security; and
- taking all action and doing all things which it would be reasonable to expect a Reasonable, Prudent Residential Mortgage Servicer to do in administering its mortgages.

**"Collection Accounts"** means (i) the DD Collection Account, (ii) the Non-DD CMF 2020-1 Collection Account and (iii) the Non-DD Collection Account, and any other replacement or additional collection account of the Legal Title Holder in respect of which amounts are received in respect of the Loans and their Related Security in the Portfolio.

**"Collections"** means Revenue Receipts and Redemption Receipts.

**"DD Collection Account"** means the account held in the name of the Legal Title Holder with the Collection Account Bank into which amounts received in respect of the Loans arising by way of Direct Debit payments from the Borrowers shall be paid.

**"Non-DD CMF 2020-1 Collection Account"** means the account held in the name of the Legal Title Holder with the Collection Account Bank into which amounts received in respect of certain of the Loans arising by way of non-Direct Debit payments from the Borrowers shall be paid.

**"Non-DD Collection Account"** means the account held in the name of the Legal Title Holder with the Collection Account Bank into which amounts received in respect of certain of the Loans arising by way of non-Direct Debit payments from the Borrowers shall be paid.

### ***Enforcement Procedures***

The Servicer has established procedures for managing loans which are in arrears, including early contact with Borrowers in order to find a solution to any financial difficulties they may be experiencing. The procedures permit discretion to be exercised by the appropriate officer of the Servicer in many circumstances. These procedures, as from time to time varied in accordance with the practice of a Reasonable, Prudent Residential Mortgage Servicer or with the consent of, *inter alia*, the Issuer and the Security Trustee, are required to be used by the Servicer in respect of arrears arising on the Loans.

**"Reasonable, Prudent Residential Mortgage Servicer"** means a reasonably prudent residential mortgage servicer who is servicing residential mortgage loans and their collateral security in respect of residential property in England, Wales or Scotland and which have in all material respects the same or similar characteristics to the Portfolio and are originated, administered and held to maturity to lending standards, lending criteria and procedures as ought to have been applied in relation to the Portfolio or, if the relevant context relates to a specific Loan, as ought to have been applied in relation to such Loan.

In order to realise its security in respect of a Property, the relevant mortgagee (be it the legal owner (the Legal Title Holder), the equitable or, as the case may be, the beneficial owner (the Issuer), the Security Trustee or its appointee (if the Security Trustee has taken enforcement action against the Issuer)) will need to obtain possession. There are two means of obtaining possession for this purpose: first, by taking physical possession (seldom done in practice), and, second, by obtaining a court order.

If a mortgagee or, as applicable, heritable creditor takes physical possession, it will, as mortgagee or, as applicable, heritable creditor in possession, have an obligation to account to the Borrower for the



income obtained from the Property, be liable for any damage to the Property, have a limited liability to repair the Property and, in certain circumstances, may be obliged to make improvements.

Actions for possession are regulated by statute and the courts have certain powers to adjourn possession proceedings, to stay any possession order or postpone the date for delivery of possession. The court will exercise such powers in favour of a Borrower, broadly, where it appears to the court that such Borrower is likely to be able, within a reasonable period, to pay any sums due under the loan or to remedy any default consisting of a breach of any other obligation arising under or by virtue of the loan and/or mortgage.

The court has a very wide discretion and may adopt a sympathetic attitude towards a Borrower faced with eviction. If a possession order or decree in favour of the relevant mortgagee or, as applicable, heritable creditor is granted, it may be suspended to allow the Borrower more time to pay. Once possession of the Property has been obtained, the relevant mortgagee or, as applicable, heritable creditor has a duty to the Borrower to take reasonable care to obtain a proper price for the Property. Any failure to do so will put the relevant mortgagee or, as applicable, heritable creditor at risk of an action for breach of such duty by the Borrower, although it is for the Borrower to prove breach of such duty. There is also a risk that a Borrower may also take court action to force the relevant mortgagee or, as applicable, heritable creditor to sell the Property within a reasonable time.

### ***Insurance Contracts***

#### ***Buildings Insurance***

Buildings insurance at the date of completion of the relevant Loan is confirmed through the relevant conveyancer confirming the policy number on the relevant certificate of title. After the date of completion of the relevant Loan, to the extent that a Borrower does not maintain buildings insurance, the Legal Title Holder currently has in place the following forms of contingency insurance cover:

- **"Properties in Possession Cover"**, being the block properties in possession insurance policy of the Legal Title Holder, written by Syndicate 2007 at Lloyd's (managed by AXIS Managing Agency Ltd and subject to the supervision of the Society of Lloyd's), for any possessed Properties;
- **"Lender Interest Only Cover"**, being a policy of the Legal Title Holder written by Syndicate 2007 at Lloyd's (managed by AXIS Managing Agency Ltd and subject to the supervision of the Society of Lloyd's), whereby the Legal Title Holder (or the Servicer on its behalf) places Borrowers on such Lender Interest Only Cover when the Legal Title Holder or Servicer becomes aware that the Borrower's own insurance in respect of the Property referable to its Loan has expired or lapsed. The premium of the Lender Interest Only Cover is charged back to the Borrower on a monthly basis; and
- **"Failure to Insure Cover"**, being a policy of the Legal Title Holder, written by Syndicate 2007 at Lloyd's (managed by AXIS Managing Agency Ltd and subject to the supervision of the Society of Lloyd's), covering all loans originated by the Legal Title Holder and acquired by the Seller, the premium being paid by the Legal Title Holder. The Failure to Insure Cover would pay out if a Borrower's own policy has been cancelled but the Legal Title Holder has not been notified of such an event and so Lender Interest Only Cover has not been put in place,

the Properties in Possession Cover, Lender Interest Only Cover and Failure to Insure Cover together being the **"Block Insurance Policies"**, which remain subject to change (including as to the scope of coverage of each Block Insurance Policy).

### ***Other Characteristics***

The Loans comprised in the Cut-Off Date Portfolio as at the Cut-Off Date are homogeneous for purposes of Article 20(8) of the Securitisation Regulation, on the basis that all such Loans: (i) have been underwritten by CCFS in accordance with similar underwriting standards applying similar approaches with respect to the assessment of a potential borrower's credit risk; (ii) are repayment loans or Interest-only Loans or a combination of both entered into substantially on the terms of similar standard documentation for residential mortgage loans; (iii) are serviced by the Servicer pursuant to the Servicing Agreement in accordance with the same servicing procedures with respect to monitoring, collections and administration of cash receivables generated from such Loans; and (iv) form one asset category, namely residential loans secured with one or several mortgages (or in Scotland) standard securities on residential immovable property in England, Wales and Scotland. The Loans comprised in the Cut-Off Date Portfolio as at the Cut-Off Date do not include: (i) any transferable securities for purposes of Article 20(8) of the Securitisation Regulation; (ii) any securitisation positions for purposes of Article 20(9) of the Securitisation Regulation; or (iii) any derivatives for purposes of Article 21(2) of the Securitisation Regulation, in each case on the basis that such Loans have been entered into substantially on the terms of similar standard documentation for residential mortgages loans. The Loans comprised in the Cut-Off Date Portfolio as at the Cut-Off Date will be transferred to the Issuer after selection for inclusion in the Portfolio without undue delay for purposes of Article 20(11) of the Securitisation Regulation.

### **Governing Law**

Each of the English Loans and any non-contractual obligations arising out of or in connection with them are governed by English law. Each of the Scottish Loans and any non-contractual obligations arising out of or in connection with them are governed by Scots law.

## CHARACTERISTICS OF THE PROVISIONAL PORTFOLIO

The statistical and other information contained in this Prospectus (including the tables below) has been compiled by reference to loans originated by the Original Seller and included in a provisional portfolio (the "**Provisional Portfolio**") and extracted from the systems of the Original Seller on the Portfolio Reference Date.

As at the Portfolio Reference Date, the Provisional Portfolio comprised of 2,085 loans originated by the Legal Title Holder and secured over properties located in England, Wales and Scotland. The aggregate Current Balance of the loans in the Provisional Portfolio as at the Portfolio Reference Date was £350,429,746.76. Having removed any loans which were no longer eligible or had been redeemed in full as at the Cut-Off Date, the Original Seller randomly selected the Transaction Portfolio from the Provisional Portfolio, from which an independent third party randomly selected the Retained Loans, having an aggregate nominal value equal to at least 5 per cent. of the nominal value of the Portfolio as at the Cut-Off Date. The Portfolio that will be sold by the Original Seller to the Seller and by the Seller to the Issuer on the Closing Date comprises all loans in the Transaction Portfolio other than the Retained Loans. The Retained Loans and their Related Security will be held by CCFS in accordance with Article 6(3)(c) of the Securitisation Regulation (see "*Certain Regulatory Disclosures*" for further information). Columns may not add up to 100 per cent. due to rounding. The Properties over which the loans in the Provisional Portfolio are secured have not been revalued for the purposes of the issue of the Notes. The characteristics of the Portfolio will differ from those set out below as a result of, among other things, repayments and redemptions of loans in the Provisional Portfolio from the Portfolio Reference Date to the Closing Date and removal of any loans that do not comply with the Loan Warranties as at the Closing Date. If loans selected for the Portfolio are repaid in full between the Cut-Off Date and the Closing Date, the principal recoveries from that loan will form part of the Available Redemption Receipts. Except as otherwise indicated, these tables have been prepared using the Current Balance of each loan in the Provisional Portfolio as at the Portfolio Reference Date, which includes all principal and accrued interest for the loans in the Provisional Portfolio.

### Summary table of the Provisional Portfolio as at the Portfolio Reference Date

Portfolio Reference Date:	31 December 2019
Current Balance (£):	350,429,746.76
No. of accounts:	2,085
Average Current Balance (£):	168,071.82
First legal mortgage / first ranking standard security %:	100%
Weighted average Original Loan to Value Ratio %:	71.23%
Weighted average Current Loan to Value Ratio %:	69.87%
Weighted average interest rate %:	4.01%
Weighted average spread over 3-month LIBOR (post reversion):	4.65%
Repayment Loans (as % of Current Balance):	93%
Weighted average seasoning (months):	10.89
Weighted average remaining term (years):	25.49
Arrears (as % of Current Balance):	0.00%
Full property valuation (as % of Current Balance):	100%
Self-employed borrowers (as % of Current Balance):	34.2%
Owner-occupied properties (as % of Current Balance):	100.0%
First time buyer (as % of Current Balance):	38.8%
Home purchase Loans (as % of Current Balance):	72.6%
Refinance Loans (as % of Current Balance):	27.4%
Help to Buy Equity Loans (as % of Current Balance):	29.4%

### Current Balances

The following table shows the distribution of Loans by their Current Balance as determined in respect of each Loan on the Portfolio Reference Date.

Current Balance	Aggregate Current Balance (£)	% of total	Number of Loans	% of total
<= 70,000	10,138,183.71	2.89%	187	8.97%
70,000 < x <= 90,000	13,319,379.78	3.80%	166	7.96%
90,000 < x <= 110,000	21,542,566.28	6.15%	216	10.36%
110,000 < x <= 130,000	27,966,122.33	7.98%	233	11.18%
130,000 < x <= 150,000	31,313,809.19	8.94%	224	10.74%
150,000 < x <= 170,000	32,518,681.25	9.28%	204	9.78%
170,000 < x <= 190,000	29,457,476.81	8.41%	164	7.87%
190,000 < x <= 210,000	30,685,650.36	8.76%	154	7.39%
210,000 < x <= 230,000	30,132,224.42	8.60%	137	6.57%
230,000 < x <= 600,000	119,840,854.25	34.20%	395	18.94%
> 600,000	3,514,798.38	1.00%	5	0.24%
<b>Totals .....</b>	<b>350,429,746.76</b>	<b>100.00%</b>	<b>2,085</b>	<b>100.00%</b>

The minimum, maximum and average Current Balance of the Loans as of the Portfolio Reference Date is £22,284.64, £829,925.72 and £168,071.82, respectively.

### ***Original Loan to Value Ratios***

The following table shows the range of "Original Loan to Value Ratios" or "OLTV Ratios", which express the original balance of each Loan as at the Portfolio Reference Date divided by the original valuation of the Property securing that Loan.

<b>OLTV Ratios (%)</b>	<b>Aggregate Current Balance (£)</b>	<b>% of total</b>	<b>Number of Loans</b>	<b>% of total</b>
<= 55.00	44,561,990.94	12.72%	339	16.26%
55.00 < x <= 60.00	15,794,932.60	4.51%	89	4.27%
60.00 < x <= 62.00	7,691,579.16	2.19%	40	1.92%
62.00 < x <= 64.00	7,406,194.76	2.11%	39	1.87%
64.00 < x <= 66.00	8,253,645.06	2.36%	43	2.06%
66.00 < x <= 68.00	10,548,310.15	3.01%	49	2.35%
68.00 < x <= 70.00	12,655,178.03	3.61%	61	2.93%
70.00 < x <= 72.00	14,533,073.28	4.15%	82	3.93%
72.00 < x <= 74.00	17,302,209.31	4.94%	91	4.36%
74.00 < x <= 76.00	99,500,508.00	28.39%	537	25.76%
76.00 < x <= 78.00	3,866,875.84	1.10%	29	1.39%
78.00 < x <= 80.00	8,339,971.76	2.38%	53	2.54%
80.00 < x <= 82.00	21,187,477.78	6.05%	112	5.37%
82.00 < x <= 84.00	12,181,191.44	3.48%	72	3.45%
84.00 < x <= 86.00	62,785,837.34	17.92%	393	18.85%
86.00 < x <= 87.00	3,820,771.31	1.09%	56	2.69%
<b>Totals .....</b>	<b>350,429,746.76</b>	<b>100.00%</b>	<b>2,085</b>	<b>100.00%</b>

The minimum, maximum and weighted average Original Loan to Value Ratio at origination of the Loans as of the Portfolio Reference Date is 7.57%, 86.89% and 71.23%, respectively.

### ***Current Loan to Value Ratios***

The following table shows the range of "Current Loan to Value Ratios" or "CLTV Ratios", which are calculated by dividing the Current Balance of a Loan as at the Portfolio Reference Date by the original valuation of the Property securing that Loan.

<b>CLTV Ratios (%)</b>	<b>Aggregate Current Balance (£)</b>	<b>% of total</b>	<b>Number of Loans</b>	<b>% of total</b>
<= 55.00	50,457,544.13	14.40%	377	18.08%
55.00 < x <= 60.00	15,860,054.27	4.53%	89	4.27%
60.00 < x <= 62.00	7,322,639.27	2.09%	39	1.87%
62.00 < x <= 64.00	7,741,780.07	2.21%	39	1.87%
64.00 < x <= 66.00	11,833,192.33	3.38%	60	2.88%
66.00 < x <= 68.00	12,797,364.94	3.65%	68	3.26%
68.00 < x <= 70.00	13,533,791.20	3.86%	70	3.36%
70.00 < x <= 72.00	16,849,599.23	4.81%	89	4.27%
72.00 < x <= 74.00	38,727,195.24	11.05%	197	9.45%
74.00 < x <= 76.00	67,476,749.91	19.26%	378	18.13%
76.00 < x <= 78.00	9,297,365.44	2.65%	50	2.40%
78.00 < x <= 80.00	17,318,543.91	4.94%	99	4.75%
80.00 < x <= 82.00	15,321,432.94	4.37%	94	4.51%
82.00 < x <= 84.00	30,265,820.71	8.64%	195	9.35%
84.00 < x <= 86.00	35,297,787.90	10.07%	235	11.27%
86.00 < x <= 87.00	328,885.27	0.09%	6	0.29%
<b>Totals .....</b>	<b>350,429,746.76</b>	<b>100.00%</b>	<b>2,085</b>	<b>100.00%</b>

The minimum, maximum and weighted average Current Loan to Value Ratio of the Loans as of the Portfolio Reference Date is 5.44%, 86.76% and 69.87%, respectively.

### *Geographical distribution*

The following table shows the regional distribution of Properties securing the Loans throughout England, Wales and Scotland (the region of a Property in respect of a Loan determined as at the Portfolio Reference Date of such Loan).

<b>Region</b>	<b>Aggregate Current Balance (£)</b>	<b>% of total</b>	<b>Number of Loans</b>	<b>% of total</b>
East Anglia	44,464,051.98	12.69%	215	10.31%
East Midlands	31,454,665.11	8.98%	201	9.64%
South East incl. London	110,015,928.86	31.39%	482	23.12%
North	11,258,511.92	3.21%	98	4.70%
North West	39,397,078.21	11.24%	294	14.10%
Scotland	10,490,253.99	2.99%	79	3.79%
South West	31,407,236.45	8.96%	179	8.59%
Wales	16,963,224.64	4.84%	132	6.33%
West Midlands	29,646,527.98	8.46%	203	9.74%
Yorkshire and Humberside	25,332,267.62	7.23%	202	9.69%
<b>Totals .....</b>	<b>350,429,746.76</b>	<b>100.00%</b>	<b>2,085</b>	<b>100.00%</b>

### *Year of origination*

The following table shows the distribution of Loans by year of origination.

<b>Year of origination</b>	<b>Aggregate Current Balance (£)</b>	<b>% of total</b>	<b>Number of Loans</b>	<b>% of total</b>
2013	2,105,514.25	0.60%	19	0.91%
2014	2,736,812.61	0.78%	26	1.25%
2015	-	0.00%	-	0.00%
2016	37,855.83	0.01%	1	0.05%
2017	95,865.36	0.03%	1	0.05%
2018	145,979,348.90	41.66%	897	43.02%
2019	199,474,349.81	56.92%	1,141	54.72%
<b>Totals .....</b>	<b>350,429,746.76</b>	<b>100.00%</b>	<b>2,085</b>	<b>100.00%</b>

### *Years to maturity of Loans*

The following table shows the distribution of Loans according to the number of years remaining until their maturity as at the Portfolio Reference Date.

<b>Years to maturity</b>	<b>Aggregate Current Balance (£)</b>	<b>% of total</b>	<b>Number of Loans</b>	<b>% of total</b>
<= 15	39,405,529.51	11.24%	284	13.62%
15 < x <= 17	16,292,962.40	4.65%	107	5.13%
17 < x <= 20	35,068,172.46	10.01%	199	9.54%
20 < x <= 22	19,869,675.26	5.67%	105	5.04%
22 < x <= 24	30,473,326.66	8.70%	192	9.21%
24 < x <= 26	29,005,491.38	8.28%	170	8.15%
26 < x <= 28	17,745,698.96	5.06%	96	4.60%
28 < x <= 30	51,960,474.62	14.83%	303	14.53%
>30	110,608,415.51	31.56%	629	30.17%
<b>Totals .....</b>	<b>350,429,746.76</b>	<b>100.00%</b>	<b>2,085</b>	<b>100.00%</b>

The minimum, maximum and weighted average remaining term of the Loans as of the Portfolio Reference Date is 3.45, 34.97 and 25.49 years, respectively.

### *Interest rate types*

The following table shows the distribution of the interest rate types of the Loans (the interest type of each Loan determined as at the Portfolio Reference Date).

<b>Interest Rate Type</b>	<b>Aggregate Current Balance (£)</b>	<b>% of total</b>	<b>Number of Loans</b>	<b>% of total</b>
Fixed Rate Loan with future switch to BBR	41,255,879.64	11.77%	232	11.13%
Fixed Rate Loan with future switch to LIBOR	304,832,912.39	86.99%	1,824	87.48%
Discount with future switch to LIBOR	4,340,954.73	1.24%	29	1.39%
<b>Totals .....</b>	<b>350,429,746.76</b>	<b>100.00%</b>	<b>2,085</b>	<b>100.00%</b>

### *Current interest rate*

The following table shows the distribution of Loans by applicable interest rate as at the Portfolio Reference Date.

<b>Interest rate (%)</b>	<b>Aggregate Current Balance (£)</b>	<b>% of total</b>	<b>Number of Loans</b>	<b>% of total</b>
<= 3.0	2,749,022.54	0.78%	18	0.86%
3.00 < x <= 3.50	23,937,468.97	6.83%	126	6.04%
3.50 < x <= 4.00	180,896,361.47	51.62%	970	46.52%
4.00 < x <= 4.50	105,119,284.71	30.00%	675	32.37%
4.50 < x <= 5.00	29,796,188.52	8.50%	211	10.12%
5.00 < x <= 5.50	3,250,993.73	0.93%	38	1.82%
5.50 < x <= 6.00	4,680,426.82	1.34%	47	2.25%
<b>Totals .....</b>	<b>350,429,746.76</b>	<b>100.00%</b>	<b>2,085</b>	<b>100.00%</b>

The minimum, maximum and weighted average current interest rate as of the Portfolio Reference Date is 2.59%, 5.79% and 4.01%, respectively.

***Reversion Date***

The following table shows the distribution of reversion dates as at the Portfolio Reference Date.

<b>Reversion Date</b>	<b>Aggregate Current Balance (£)</b>	<b>% of total</b>	<b>Number of Loans</b>	<b>% of total</b>
2015	2,205,565.71	0.63%	20	0.96%
2016	1,901,038.41	0.54%	21	1.01%
2017	-	0.00%	-	0.00%
2018	-	0.00%	-	0.00%
2019	-	0.00%	-	0.00%
2020	87,088,998.07	24.85%	541	25.95%
2021	117,668,624.10	33.58%	666	31.94%
2022	3,729,910.94	1.06%	25	1.20%
2023	54,544,120.94	15.56%	326	15.64%
2024	83,291,488.59	23.77%	486	23.31%
<b>Totals .....</b>	<b>350,429,746.76</b>	<b>100.00%</b>	<b>2,085</b>	<b>100.00%</b>



## CHARACTERISTICS OF THE UNITED KINGDOM RESIDENTIAL MORTGAGE MARKET

The UK housing market is primarily one of owner-occupied housing, with the remainder in some form of public, private landlord or social ownership. The mortgage market, whereby loans are provided for the purchase of a property and secured on that property, is the primary source of household borrowings in the United Kingdom.

Set out in the following tables are certain characteristics of the United Kingdom mortgage market. No assurance can be given that the Loans in the Portfolio are or will be representative of the information set out in the tables or generally to the performance of the UK housing market. For information relating to the loans contained in the Provisional Portfolio (from which the Portfolio will be selected), see further the section entitled "*Characteristics of the Provisional Portfolio*".

### *Industry PPR rates*

In the following tables, quarterly industry principal payment rate ("**Industry PPR**") data was calculated by dividing the amount of scheduled and unscheduled repayments of mortgages made by banks, building societies and other specialist mortgage lenders in a quarter by the quarterly balance of mortgages outstanding for banks, building societies and other specialist mortgage lenders in the United Kingdom. These quarterly repayment rates were then annualised using standard methodology.

Year	Quarter	Industry PPR Rate for the Quarter	12-month rolling average
2007	Q1	21.36%	22.38%
	Q2	22.51%	22.46%
	Q3	22.72%	22.36%
	Q4	20.63%	21.81%
2008	Q1	18.73%	21.15%
	Q2	19.21%	20.32%
	Q3	17.31%	18.97%
	Q4	13.82%	17.27%
2009	Q1	11.08%	15.36%
	Q2	10.34%	13.14%
	Q3	11.29%	11.63%
	Q4	11.21%	10.98%
2010	Q1	9.63%	10.62%
	Q2	10.63%	10.69%
	Q3	11.13%	10.65%
	Q4	10.79%	10.55%
2011	Q1	9.88%	10.61%
	Q2	10.49%	10.57%
	Q3	11.80%	10.74%
	Q4	11.26%	10.86%
2012	Q1	10.41%	10.99%
	Q2	10.66%	11.03%
	Q3	11.00%	10.83%
	Q4	11.25%	10.83%
2013	Q1	10.89%	10.95%
	Q2	12.50%	11.41%
	Q3	14.11%	12.19%

Year	Quarter	Industry PPR Rate for the Quarter	12-month rolling average
2014	Q4	14.50%	13.00%
	Q1	13.20%	13.58%
	Q2	13.92%	13.93%
	Q3	14.85%	14.12%
2015	Q4	14.52%	14.12%
	Q1	13.20%	14.12%
	Q2	14.27%	14.21%
	Q3	15.48%	14.37%
2016	Q4	15.71%	14.67%
	Q1	15.44%	15.23%
	Q2	15.13%	15.44%
	Q3	15.95%	15.56%
2017	Q4	15.47%	15.50%
	Q1	14.99%	15.39%
	Q2	14.89%	15.33%
	Q3	16.15%	15.38%
2018	Q4	16.42%	15.61%
	Q1	15.26%	15.68%
	Q2	15.42%	15.81%
	Q3	16.86%	15.99%
2019	Q4	16.42%	15.99%
	Q1	14.67%	15.84%
	Q2	14.65%	15.65%
	Q3	15.36%	15.27%

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Source: UKFinance

### ***Repossession Rate***

The table below sets out the repossession rate of residential properties in the United Kingdom since 1985.

Year	Repossessions (%)	Year	Repossessions (%)	Year	Repossessions (%)
1985 .....	0.25	1996 .....	0.40	2007 .....	0.22
1986 .....	0.30	1997 .....	0.31	2008 .....	0.34
1987 .....	0.32	1998 .....	0.31	2009 .....	0.43
1988 .....	0.22	1999 .....	0.27	2010 .....	0.34
1989 .....	0.17	2000 .....	0.20	2011 .....	0.33
1990 .....	0.47	2001 .....	0.16	2012 .....	0.30
1991 .....	0.77	2002 .....	0.11	2013 .....	0.26
1992 .....	0.69	2003 .....	0.07	2014 .....	0.19
1993 .....	0.58	2004 .....	0.07	2015 .....	0.09
1994 .....	0.47	2005 .....	0.12	2016 .....	0.07
1995 .....	0.47	2006 .....	0.18	2017 .....	0.07
				2018	0.06

Source: UKFinance

### ***House Price Index***

UK residential property prices are based on data from the Land Registry that incorporates property data for England and Wales (the "**Housing Index**").

The UK housing market has been through various economic cycles in the recent past, with large year-to-year increases in the Housing Index occurring from the mid-1990s through to early 2008 and decreases occurring since then until mid-2009, following which the Housing Index has fluctuated.

<b>Year</b>	<b>Month</b>	<b>Index</b>	<b>% annual change</b>
2006	Jan	83.9011	6.1983
	Feb	84.0381	6.4741
	Mar	84.7196	6.4641
	Apr	86.5611	7.2533
	May	87.3814	7.1196
	Jun	88.2093	7.2828
	Jul	89.4787	7.4432
	Aug	90.2298	7.9064
	Sep	90.5977	8.5153
	Oct	91.1283	9.3698
	Nov	91.5975	9.6067
	Dec	92.7381	10.3677
2007	Jan	92.7061	10.4945
	Feb	92.9699	10.6283
	Mar	93.6913	10.5899
	Apr	95.5827	10.4222
	May	96.6777	10.6387
	Jun	97.7359	10.8001
	Jul	98.9647	10.6015
	Aug	99.5388	10.3170
	Sep	99.6680	10.0116
	Oct	99.4356	9.1160
	Nov	99.3834	8.5000
	Dec	99.2283	6.9984
2008	Jan	97.4388	5.1051
	Feb	96.6012	3.9059
	Mar	95.8985	2.3558
	Apr	96.0574	0.4967
	May	96.6446	-0.0342
	Jun	95.3666	-2.4242
	Jul	94.3253	-4.6880
	Aug	92.3570	-7.2151
	Sep	90.0320	-9.6681
	Oct	88.2056	-11.2938
	Nov	85.7247	-13.7434
	Dec	84.4173	-14.9261
2009	Jan	82.4661	-15.3663

<b>Year</b>	<b>Month</b>	<b>Index</b>	<b>% annual change</b>
	Feb	81.5134	-15.6187
	Mar	81.0072	-15.5281
	Apr	81.7414	-14.9036
	May	82.8702	-14.2526
	Jun	83.6866	-12.2474
	Jul	85.1878	-9.6872
	Aug	86.0280	-6.8527
	Sep	86.7038	-3.6967
	Oct	87.2866	-1.0419
	Nov	87.5809	2.1654
	Dec	88.1555	4.4282
2010	Jan	87.8342	6.5094
	Feb	88.0538	8.0237
	Mar	88.0487	8.6924
	Apr	89.1763	9.0956
	May	89.6053	8.1273
	Jun	90.0473	7.6005
	Jul	90.9591	6.7748
	Aug	90.9540	5.7260
	Sep	90.7204	4.6326
	Oct	89.7096	2.7759
	Nov	88.6441	1.2139
	Dec	88.4813	0.3695
2011	Jan	87.7457	-0.1007
	Feb	87.2815	-0.8771
	Mar	86.8794	-1.3280
	Apr	88.2271	-1.0644
	May	87.8346	-1.9762
	Jun	87.9831	-2.2923
	Jul	89.0913	-2.0535
	Aug	89.1449	-1.9891
	Sep	88.9223	-1.9821
	Oct	87.9413	-1.9712
	Nov	87.9852	-0.7433
	Dec	87.6133	-0.9810
2012	Jan	87.0157	-0.8319
	Feb	86.7790	-0.5757
	Mar	87.0361	0.1804
	Apr	88.0361	-0.2164
	May	88.3201	0.5527
	Jun	89.1874	1.3688
	Jul	89.5294	0.4918
	Aug	89.6349	0.5497
	Sep	89.3164	0.4433
	Oct	88.6841	0.8447

<b>Year</b>	<b>Month</b>	<b>Index</b>	<b>% annual change</b>
	Nov	88.7564	0.8765
	Dec	88.5547	1.0746
2013	Jan	87.9635	1.0892
	Feb	87.9461	1.3450
	Mar	88.4701	1.6476
	Apr	89.3375	1.4783
	May	89.8087	1.6855
	Jun	90.5539	1.5321
	Jul	91.5702	2.2795
	Aug	92.2992	2.9724
	Sep	92.3598	3.4074
	Oct	91.9825	3.7193
	Nov	92.4929	4.2099
	Dec	93.3421	5.4061
2014	Jan	93.4530	6.2407
	Feb	93.8408	6.7025
	Mar	94.1635	6.4354
	Apr	96.2587	7.7472
	May	97.2788	8.3177
	Jun	98.1185	8.3537
	Jul	99.4988	8.6585
	Aug	100.6646	9.0633
	Sep	100.7726	9.1087
	Oct	100.6239	9.3946
	Nov	100.2855	8.4250
	Dec	100.5268	7.6972
2015	Jan	100.0000	7.0056
	Feb	100.0850	6.6541
	Mar	100.4575	6.6841
	Apr	101.3426	5.2814
	May	102.4379	5.3034
	Jun	103.2190	5.1984
	Jul	104.9703	5.4991
	Aug	105.9310	5.2317
	Sep	106.1489	5.3351
	Oct	106.2934	5.6343
	Nov	107.1111	6.8062
	Dec	107.4766	6.9134
2016	Jan	107.7620	7.7620
	Feb	107.8098	7.7181
	Mar	108.9173	8.4213
	Apr	109.3244	7.8761
	May	110.5984	7.9663
	Jun	111.6548	8.1727
	Jul	112.8299	7.4874

<b>Year</b>	<b>Month</b>	<b>Index</b>	<b>% annual change</b>
	Aug	112.8393	6.5215
	Sep	112.6669	6.1404
	Oct	112.2948	5.6460
	Nov	112.8226	5.3323
	Dec	113.0254	5.1628
2017	Jan	112.8905	4.7591
	Feb	113.1291	4.9340
	Mar	112.8872	3.6449
	Apr	114.6732	4.8926
	May	115.3614	4.3065
	Jun	116.3473	4.2027
	Jul	117.8608	4.4588
	Aug	118.3952	4.9238
	Sep	117.9530	4.6918
	Oct	118.0565	5.1308
	Nov	117.7210	4.3417
	Dec	118.1811	4.5616
2018	Jan	117.7688	4.3213
	Feb	118.0769	4.3736
	Mar	117.3641	3.9658
	Apr	118.4854	3.3244
	May	118.9699	3.1280
	Jun	119.7679	2.9400
	Jul	121.2530	2.8782
	Aug	121.6258	2.7286
	Sep	121.3932	2.9166
	Oct	121.2291	2.6874
	Nov	120.7241	2.5510
	Dec	120.5595	2.0124
2019	Jan	119.7789	1.7069
	Feb	119.5139	1.2170
	Mar	119.1751	1.5431
	Apr	120.1178	1.3777
	May	120.2414	1.0688
	Jun	120.9770	1.0096
	Jul	122.5497	1.0694
	Aug	123.1489	1.2523
	Sep	122.9224	1.2597

Source: Land Registry

All information contained in this Prospectus in respect of the Housing Index has been reproduced from information published at <http://www.cml.org.uk/cml/statistics>. For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus. The index is based on Land Registry transactions data for England and Wales, smoothed and mix-adjusted. The Issuer confirms that all information in this Prospectus in respect of the Housing Index has been accurately reproduced

and that, so far as it is aware and is able to ascertain from information published by the Land Registry, no facts have been omitted which would render the reproduced information inaccurate or misleading. For the avoidance of doubt, the websites referred to in this paragraph do not form part of this Prospectus.

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### ***Verification of data***

CCFS has caused a sample of the Loans (including the data disclosed in respect of those Loans) to be externally verified by one or more appropriate and independent third parties. The initial provisional portfolio (the "**Initial Provisional Portfolio**") extracted from the systems of the Original Seller as of 31 October 2019 has been subject to an agreed upon procedures review (to review amongst other things, certain eligibility criteria where applicable) on a sample of loans selected from the Initial Portfolio conducted by a third-party and completed on or about November 2019 with respect to the Initial Provisional Portfolio in existence as of 31 October 2019 and no significant adverse findings have been found. This independent third party has also performed agreed upon procedures in order to verify that the stratification tables and historical performance data disclosed in respect of the underlying exposures are accurate. The third party undertaking the review only has obligations to the parties to the engagement letters governing the performance of the agreed upon procedures subject to the limitations and exclusions contained therein.

### ***Environmental Performance***

As at the Cut-Off Date, the administrative records of CCFS do not contain any information related to the environmental performance of the property securing the Loans.

If CCFS does collect such information related to any of the Loans in the Portfolio it will procure that such information is made available in accordance with Article 7(1)(a) of the Securitisation Regulation.

### ***Information in relation to Loans originated by the Legal Title Holder***

Static and dynamic historical performance data in relation to loans originated by the Legal Title Holder was made available prior to pricing on the website of European DataWarehouse at <https://editor.eurowdw.eu/home>. Such information will cover the period from Q2-2013 to Q2-2019. The loans which are included in such data are originated under and serviced in accordance with the same policies and procedures as the loans comprising the Portfolio and, as such, it is expected that the performance of such loans, over a period of 5 years, would not be significantly different to the performance of the loans in the Portfolio.

## STATIC POOL INFORMATION

The tables in the following pages set out, to the extent material, static pool information with respect to all mortgage loans originated by the Legal Title Holder. The tables show the distribution of loans designated as prime by the Legal Title Holder by delinquency category as at each year end.

The information in the following tables has been sourced and extracted from the systems of the Legal Title Holder and Servicer. The loans which are included in the tables below are originated under and serviced in accordance with substantially the same policies and procedures as the Loans in the Portfolio. In the following tables, delinquency category corresponds to the number of monthly contractual repayment amounts in arrears. Delinquency rates represent the closing balances of loans in a particular category as a percentage of aggregate closing balances.

### Arrears Overview – Charter Court Financial Services Limited

<b>31-Dec-14</b>				
	<b>Balance (£)</b>	<b>Count</b>	<b>% of Balance</b>	<b>% of Count</b>
<1 Months	126,343,457.40	817	99.90%	99.88%
>=1 Months & <2Months	121,937.27	1	0.10%	0.12%
>=2 Months & <3 Months	-	-	0.00%	0.00%
>=3 Months & <6 Months	-	-	0.00%	0.00%
>=6 Months & <9 Months	-	-	0.00%	0.00%
>=9 Months & <12 Months	-	-	0.00%	0.00%
>= 12 Months	-	-	0.00%	0.00%
<b>Totals</b>	<b>126,465,394.67</b>	<b>818</b>	<b>100%</b>	<b>100%</b>

<b>31-Dec-15</b>				
	<b>Balance (£)</b>	<b>Count</b>	<b>% of Balance</b>	<b>% of Count</b>
<1 Months	299,223,740.26	1,889	99.68%	99.63%
>=1 Months & <2Months	829,038.62	6	0.28%	0.32%
>=2 Months & <3 Months	137,142.25	1	0.05%	0.05%
>=3 Months & <6 Months	0.00	0	0.00%	0.00%
>=6 Months & <9 Months	0.00	0	0.00%	0.00%
>=9 Months & <12 Months	0.00	0	0.00%	0.00%
>= 12 Months	0.00	0	0.00%	0.00%



<b>Totals</b>	<b>300,189,921.13</b>	<b>1,896</b>	<b>100%</b>	<b>100%</b>
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#### 31-Dec-16

	<b>Balance (£)</b>	<b>Count</b>	<b>% of Balance</b>	<b>% of Count</b>
<1 Months	481,559,121.50	2,970	99.67%	99.63%
>=1 Months & <2Months	1,323,976.46	9	0.27%	0.30%
>=2 Months & <3 Months	90,159.94	1	0.02%	0.03%
>=3 Months & <6 Months	195,894.92	1	0.04%	0.03%
>=6 Months & <9 Months	0.00	0	0.00%	0.00%
>=9 Months & <12 Months	0.00	0	0.00%	0.00%
>= 12 Months	0.00	0	0.00%	0.00%
<b>Totals</b>	<b>483,169,152.82</b>	<b>2,981</b>	<b>100%</b>	<b>100%</b>

#### 31-Dec-17

	<b>Balance (£)</b>	<b>Count</b>	<b>% of Balance</b>	<b>% of Count</b>
<1 Months	599,239,670.97	3,718	99.35%	99.36%
>=1 Months & <2Months	2,635,560.51	18	0.44%	0.48%
>=2 Months & <3 Months	672,743.06	3	0.11%	0.08%
>=3 Months & <6 Months	594,527.63	3	0.10%	0.08%
>=6 Months & <9 Months	0.00	0	0.00%	0.00%
>=9 Months & <12 Months	0.00	0	0.00%	0.00%
>= 12 Months	0.00	0	0.00%	0.00%
<b>Totals</b>	<b>603,142,502.17</b>	<b>3,742</b>	<b>100%</b>	<b>100%</b>

31-Dec-18				
	Balance (£)	Count	% of Balance	% of Count
<1 Months	677,363,918.03	4,311	98.80%	98.85%
>=1 Months & <2Months	5,059,218.58	32	0.74%	0.73%
>=2 Months & <3 Months	1,131,564.10	7	0.17%	0.16%
>=3 Months & <6 Months	1,583,487.41	9	0.23%	0.21%
>=6 Months & <9 Months	295,810.57	1	0.04%	0.02%
>=9 Months & <12 Months	0.00	0	0.00%	0.00%
>= 12 Months	123,784.07	1	0.02%	0.02%
<b>Totals</b>	<b>685,557,782.76</b>	<b>4,361</b>	<b>100%</b>	<b>100%</b>

*Source: CCFS*

## INFORMATION ON SONIA, LIBOR AND BANK OF ENGLAND BASE RATE

The below table provides information on how the SONIA Reference Rate, the Bank of England Base Rate and LIBOR have changed since January 2014, as the Loans in the Portfolio are linked to these market rates.

**"SONIA Reference Rate"** means, for the purposes of this section *"Information on SONIA, LIBOR and Bank of England Base Rate"* only, in respect of any Business Day, a reference rate equal to the daily Sterling Overnight Index Average (SONIA) rate for such Business Day as provided by the administrator of SONIA to, and published by such authorised distributors of the rate as of 9.00 am London time, on the Screen or, if the Screen is unavailable, as otherwise published by such authorised distributors (on the Business Day immediately following such Business Day).

**"Bank of England Base Rate"** means for the purposes of this section the base rate quoted by the Bank of England at the relevant date.

Date	SONIA	BoE Base Rate	3m Sterling LIBOR
31/10/2019	0.71	0.75	0.81
30/09/2019	0.71	0.75	0.76
30/08/2019	0.71	0.75	0.76
31/07/2019	0.71	0.75	0.77
28/06/2019	0.71	0.75	0.77
31/05/2019	0.71	0.75	0.80
30/04/2019	0.71	0.75	0.82
29/03/2019	0.70	0.75	0.85
28/02/2019	0.71	0.75	0.85
31/01/2019	0.70	0.75	0.91
31/12/2018	0.70	0.75	0.91
30/11/2018	0.70	0.75	0.89
31/10/2018	0.70	0.75	0.82
28/09/2018	0.70	0.75	0.80
31/08/2018	0.70	0.75	0.80
31/07/2018	0.45	0.50	0.80
29/06/2018	0.44	0.50	0.67
31/05/2018	0.45	0.50	0.61
30/04/2018	0.45	0.50	0.71
29/03/2018	0.44	0.50	0.71
28/02/2018	0.46	0.50	0.58
31/01/2018	0.47	0.50	0.52
29/12/2017	0.41	0.50	0.52
30/11/2017	0.46	0.50	0.52
31/10/2017	0.21	0.25	0.44
29/09/2017	0.20	0.25	0.34
31/08/2017	0.21	0.25	0.28
31/07/2017	0.20	0.25	0.29
30/06/2017	0.19	0.25	0.31
31/05/2017	0.21	0.25	0.29
28/04/2017	0.21	0.25	0.33
31/03/2017	0.17	0.25	0.34
28/02/2017	0.20	0.25	0.36
31/01/2017	0.21	0.25	0.36
30/12/2016	0.16	0.25	0.37
30/11/2016	0.20	0.25	0.38
31/10/2016	0.20	0.25	0.40
30/09/2016	0.16	0.25	0.38

31/08/2016	0.20	0.25	0.39
29/07/2016	0.45	0.50	0.49
30/06/2016	0.44	0.50	0.56
31/05/2016	0.45	0.50	0.59
29/04/2016	0.46	0.50	0.59
31/03/2016	0.41	0.50	0.59
29/02/2016	0.45	0.50	0.59
29/01/2016	0.45	0.50	0.59
31/12/2015	0.35	0.50	0.59
30/11/2015	0.45	0.50	0.57
30/10/2015	0.45	0.50	0.58
30/09/2015	0.35	0.50	0.58
28/08/2015	0.45	0.50	0.59
31/07/2015	0.45	0.50	0.58
30/06/2015	0.39	0.50	0.58
29/05/2015	0.45	0.50	0.57
30/04/2015	0.45	0.50	0.57
31/03/2015	0.42	0.50	0.57
27/02/2015	0.44	0.50	0.56
30/01/2015	0.42	0.50	0.56
31/12/2014	0.36	0.50	0.56
28/11/2014	0.42	0.50	0.55
31/10/2014	0.42	0.50	0.55
30/09/2014	0.40	0.50	0.57
29/08/2014	0.40	0.50	0.56
31/07/2014	0.40	0.50	0.56
30/06/2014	0.38	0.50	0.55
30/05/2014	0.42	0.50	0.53
30/04/2014	0.40	0.50	0.53
31/03/2014	0.33	0.50	0.52
28/02/2014	0.39	0.50	0.52
31/01/2014	0.41	0.50	0.52

*Source: Bloomberg*

## INFORMATION RELATING TO THE REGULATION OF MORTGAGES IN THE UK

### *Regulated Mortgage Contracts*

In the UK, regulation of residential mortgage business under the FSMA came into force on 31 October 2004 (the "**Regulation Effective Date**"). Residential mortgage lending under the FSMA is regulated by the FCA. Entering into, arranging or advising in respect of, and administering, Regulated Mortgage Contracts, and agreeing to do any of those activities, are (subject to certain exemptions) regulated activities under the FSMA and the FSMA (Regulated Activities) Order 2001 (as amended) (the RAO) requiring authorisation and permission from the FCA.

The original definition of a Regulated Mortgage Contract was such that if a mortgage contract was entered into on or after the Regulation Effective Date, it was a Regulated Mortgage Contract under the RAO if: (i) the lender provides credit to an individual or to trustees; and (ii) the obligation of the borrower to repay is secured by a first legal mortgage (or Scottish first ranking standard security) on land (other than timeshare accommodation) in the United Kingdom, at least 40% of which is used, or is intended to be used, as or in connection with a dwelling by the borrower or (in the case of credit provided to trustees) by an individual who is a beneficiary of the trust, or by a related person.

There have been incremental changes to the definition of Regulated Mortgage Contract over time, including, from 21 March 2016, the removal of the requirement for the security to be first ranking and the extension of the territorial scope to cover property in the EEA rather than just the UK.

The current definition of a Regulated Mortgage Contract is such that if a mortgage contract is entered into on or after 21 March 2016, it will be a Regulated Mortgage Contract if it meets the following conditions (when read in conjunction with and subject to certain relevant exclusions such as the relevant buy-to-let exclusion): (a) the borrower is an individual or trustee; and (b) the obligation of the borrower to repay is secured by a mortgage or (as applicable) a standard security on land in the EEA, at least 40% of which is used, or is intended to be used, in the case of credit provided to an individual, as or in connection with a dwelling; or (in the case of credit provided to a trustee who is not an individual), as or in connection with a dwelling by an individual who is a beneficiary of the trust, or by a related person (broadly the person's spouse, near relative or a person with whom the borrower has a relationship which is characteristic of a spouse).

Credit agreements which were originated before 21 March 2016, which were regulated by the CCA, and that would have been Regulated Mortgage Contracts had they been entered into on or after 21 March 2016 are "consumer credit back book mortgage contracts" and are also therefore Regulated Mortgage Contracts.

If requirements as to the authorisation of lenders and brokers involved in the origination of a Regulated Mortgage Contract are not complied with, a Regulated Mortgage Contract will be unenforceable against the borrower except with the approval of a court and the unauthorised person may commit a criminal offence. An unauthorised person who carries on the regulated mortgage activity of administering a Regulated Mortgage Contract that has been validly entered into may commit an offence, although this will not render the contract unenforceable against the borrower.

Each of the Legal Title Holder and Servicer is required to hold, and holds, authorisation and permission to administer Regulated Mortgage Contracts. Subject to any exemption, brokers are required to hold authorisation and permission to arrange and, where applicable, to advise in respect of Regulated Mortgage Contracts.

The Issuer is not and does not propose to be an authorised person under the FSMA with respect to Regulated Mortgage Contracts and related activities. The Issuer does not require authorisation in order to acquire legal or beneficial title to a Regulated Mortgage Contract or a regulated credit

agreement. The Issuer does not carry on the regulated activity of administering Regulated Mortgage Contracts by having them administered pursuant to an administration agreement by an entity having the required FCA authorisation and permission under the FSMA. If such administration agreement terminates, however, the Issuer will have a period of not more than one month in which to arrange for mortgage administration to be carried out by a replacement administrator having the required authorisation and permission under the FSMA. In addition, no variation may be made to the Loans and no further advance or product switch has been or will be made in relation to a loan, where this would result in the Issuer arranging, administering or entering into a Regulated Mortgage Contract, or agreeing to carry on any of these activities, if the Issuer would be required to be authorised under the FSMA to do so. Pursuant to the Servicing Agreement, the Servicer administers the loans and the Servicer has the requisite FSMA authorisation and permission to enable it to undertake such activities.

The regime under the FSMA regulating financial promotions restricts the content and manner of the promotion of agreements relating to qualifying credit and by whom such promotions can be issued or approved. In this respect, the FSMA regime not only covers financial promotions of Regulated Mortgage Contracts but also promotions of certain other types of secured credit agreements under which the lender is a person (such as the Legal Title Holder) who carries on the regulated activity of entering into a Regulated Mortgage Contract. Failure to comply with the financial promotion regime (as regards who can issue or approve financial promotions) is a criminal offence and will render the Regulated Mortgage Contract or other secured credit agreement in question unenforceable against the borrower except with the approval of a court. Failure by the Legal Title Holder to comply with the financial promotion regime may render the Loans unenforceable and adversely affect the Issuer's ability to make payments on the Notes.

The FCA's Mortgages and Home Finance: Conduct of Business sourcebook ("**MCOB**"), which sets out the FCA's rules for regulated mortgage activities, came into force on 31 October 2004. These rules cover, inter alia, certain pre-origination matters such as financial promotion and pre-application illustrations, pre-contract and start-of-contract and post-contract disclosure, contract changes, charges and arrears and repossessions. Further rules for prudential and authorisation requirements for mortgage firms, and for extending the appointed representatives regime to mortgages, also came into force on 31 October 2004.

A borrower who is a private person may be entitled to claim damages for loss suffered as a result of any contravention by an authorised person of a rule made under the FSMA, and may set off the amount of the claim against the amount owing by the borrower under a loan or any other loan that the borrower has taken with that authorised person. Any such set-off in relation to loans in the portfolio may adversely affect the Issuer's ability to make payments on the Notes.

### ***Regulation of residential secured lending (other than Regulated Mortgage Contracts)***

The UK government had a policy commitment to move second charge lending into the regulatory regime for mortgage lending rather than the regime for consumer credit under which second charge lending previously fell. The UK government concluded that there was a strong case for regulating lending secured on a borrower's home consistently, regardless of whether it is secured by a first or subsequent charge. The European Mortgage Credit Directive (2014/17/EU) ("**Mortgage Credit Directive**") also follows this principle and makes no distinction between requirements for first charge and second (and subsequent) charge mortgage lending. The UK government concluded that it made sense to implement the changes to second (and subsequent) charge lending alongside the implementation of the Mortgage Credit Directive. The UK government also proposed to move the regulation of second (and subsequent) charge loans already in existence before 21 March 2016 to the Regulated Mortgage Contract regime rather than keeping them within the consumer credit regime. The policy of regulating lending secured on a borrower's home consistently also meant that the UK government decided to change the regulatory regime of pre-2004 first charge loans regulated by the

CCA. Mortgage regulation under FSMA began on 31 October 2004. Mortgages entered into before that date were regulated by the CCA, provided they did not exceed the financial threshold in place when they were entered into and were not otherwise exempt. In November 2015, the UK government made legislation which meant that the administration of and other activities relating to those pre-October 2004 first charge mortgages which were regulated by the CCA became regulated mortgage activities from 21 March 2017, although firms could have adopted the new rules from 21 March 2016 if they chose. The move of CCA regulated mortgages to the FSMA regime was implemented by the Mortgage Credit Directive Order 2015 on 21 March 2016 ("**Mortgage Credit Directive Order**"). The government has put in place transitional provisions for existing loans so that some of the CCA protections in place when the loans were originally taken out are not removed retrospectively.

Credit agreements which were originated before 21 March 2016 which were regulated by the CCA and which would have been Regulated Mortgage Contracts had they been entered into on or after 21 March 2016, are defined by the Mortgage Credit Directive Order as "consumer credit back book mortgage contracts" and would also therefore be Regulated Mortgage Contracts. The main CCA consumer protection retained in respect of consumer credit back book mortgage contracts is the continuing unenforceability of the agreement if it was rendered unenforceable by the CCA prior to 21 March 2016. Unless the agreement was irredeemably unenforceable, the lender may enforce the agreement by seeking a court order or bringing any relevant period of non-compliance with the CCA to an end in the same manner as would have applied if the agreement was still regulated by the CCA. If a consumer credit back book mortgage contract was void as a result of section 56(3) of the CCA, that agreement or the relevant part of it will remain void. Restrictions on early settlement fees will also be retained. If interest was not chargeable under a consumer credit back book mortgage contract due to non-compliance with section 77A of the CCA (duty to serve an annual statement) or section 86B of the CCA (duty to serve a notice of sums in arrears), once the consumer credit back book mortgage contract became regulated by FSMA under the Mortgage Credit Directive Order as of 21 March 2016, the sanction of interest not being chargeable under section 77A of the CCA and section 86D of the CCA ceases to apply, but only for interest payable under those loans after 21 March 2016. A consumer credit back book mortgage contract will also be subject to unfair relationship provisions described below. Certain provisions of MCOB are applicable to these consumer credit back book mortgage contracts. These include the rules relating to disclosure at the start of a contract and post-sale disclosure (MCOB 7), charges (MCOB 12) and arrears, payment shortfalls and repossessions (MCOB 13). General conduct of business standards will also apply (MCOB 2). This process is subject to detailed transitional provisions that are intended to retain certain customer protections in the FCA's CONC Sourcebook and the CCA that are not contained within MCOB.

The Seller has given or, as applicable, will give warranties to the Issuer and the Trustee in the Mortgage Sale Agreement that, inter alia, each Loan and its Related Security is enforceable (subject to certain exceptions). If a Loan or its Related Security does not materially comply with these warranties, and if the default cannot be or is not cured within 30 days of receipt by the Issuer of notice from the Seller that there has been such a breach, then the Seller will, within 30 days of receipt of a repurchase notice from the Issuer, be required to repurchase the relevant Loans and their Related Security.

This regulatory regime may result in adverse effects on the enforceability of certain Loans and consequently the Issuer's ability to make payment in full on the Notes when due.

***Changes to mortgage regulation and to the regulatory structure in the United Kingdom may adversely affect payments on the Notes***

In December 2011, the FSA published a consultation paper that consolidates proposals arising out of its wide-ranging mortgage market review, which was launched in October 2009 to consider strengthening rules and guidance on, inter alia, affordability assessments, product regulation, arrears charges and responsible lending. The FSA's aim was to ensure the continued provision of mortgage

credit for the majority of borrowers who can afford the financial commitment of a mortgage, while preventing a re-emergence of poor lending practices as the supply of mortgage credit in the market recovers. In October 2012, the FSA published a feedback statement and final rules that generally came into force on 26 April 2014 with transitional arrangements where, among other things, the borrower does not take on additional borrowing. These rules have, for example, imposed more stringent requirements on lenders to assess the affordability of a loan made to a borrower and to verify the income of a borrower.

In relation to Interest-only Loans that are not buy-to-let loans, the mortgage market review introduced rules that require relevant institutions, with effect from 26 April 2014, to obtain evidence (with permitted exceptions) that a borrower will have in place a clearly understood and credible payment strategy and that the payment strategy has the potential to repay the principal at the end of the term of an interest-only loan.

The FCA started to track firms' progress towards implementation of the mortgage market review from the second quarter of 2013 and: i) published a report following a thematic review concerning the quality and suitability of mortgage advice provided by firms; and ii) it began a further thematic review on responsible lending in April 2015, on which it reported in May 2016. In December 2016, the FCA launched a market study focusing on consumers' ability to make effective choices in the first charge residential mortgage market on which it produced an interim report in May 2018 and a final report in March 2019 (see "*Mortgage Prisoners*" below). This is in addition to regulatory reforms being made as a result of the implementation of the Mortgage Credit Directive from 21 March 2016.

It is possible that further changes may be made to the FCA's MCOB rules as a result of these reviews and regulatory reforms. To the extent that the new rules do apply to any of the Loans, failure to comply with these rules may entitle a Borrower to claim damages for loss suffered or set-off the amount of the claim against the amount owing under the Loan. Any such claim or set-off may reduce the amounts available to meet the payments due in respect of the Notes.

Under the Financial Services Act 2012: (a) the carrying on of servicing activities in certain circumstances by a person exercising the rights of the lender without FCA permission to do so renders the credit agreement unenforceable, except with FCA approval; and (b) the FCA has the power to make rules to render unenforceable contracts made in contravention of its rules on cost and duration of credit agreements or in contravention of its product intervention rules.

Any further changes to the FCA's MCOB arising from the FCA's mortgage market review, or to MCOB or the FSMA arising from HM Treasury's proposals to change mortgage regulation or changes in the regulatory structure or the Financial Services Act 2012, may adversely affect the Loans, the Seller, the Issuer, the Servicer and their respective businesses and operations.

### ***Automatic capitalisations***

On 24 April 2017, the FCA issued finalised guidance relating to issues arising from automatic capitalisation, in particular cases where lenders both add arrears to an account balance and keep a separate record of the borrower's arrears and seek separate (and additional) payment of those. In the finalised guidance, the FCA state that they expect FCA authorised firms to ensure this practice ceases and to carry out remediation. The review period for remediation begins from 25 June 2010 and the FCA expects all remediation programmes to be concluded by 30 June 2018.

The FCA have proposed a framework for remediation and in broad terms, the FCA expect borrowers to be compensated for any incorrectly charged fees and interest and where fees have been paid by the customer, simple interest of 8% p.a. and simple interest of 8% on any "overpayments", i.e. any actual payments of monthly payments in excess of those which would have been required to pay off the arrears had there been no automatic capitalisation. Firms using the remediation framework will only



reconstitute mortgage accounts where at least one automatic capitalisation resulted in an additional payment greater than £10 per month. Use of the framework is not mandatory, but the FCA expects firms to determine a remediation approach to achieve fair outcomes for the affected customers. However, the FCA believes the approach in the guidance will be proportionate for most firms.

If any remediation is required or Borrowers bring claims in connection with their Loans in respect of an automatic capitalisation, such remediation and claims and any set-off by Borrowers in respect of such claims against the amount due by the Borrowers under the relevant Loans, may adversely affect the ultimate amount received by the Issuer in respect of the relevant Loans, and the realisable value of the Portfolio and/or the ability of the Issuer to make payments under the Notes.

### *Unfair relationships*

Under the Consumer Credit Act 2006, the "extortionate credit" regime was replaced by an "unfair relationship" test. The "unfair relationship" test applies to all existing and new credit agreements, except Regulated Mortgage Contracts under the FSMA and also applies to (as described above) "consumer credit back book mortgage contracts". If the court makes a determination that the relationship between a lender and a borrower is unfair, then it may make an order, among other things, requiring the Legal Title Holder, or any assignee such as the Issuer, to repay amounts received from such Borrower. In applying the "unfair relationship" test, the courts are able to consider a wider range of circumstances surrounding the transaction, including the creditor's conduct (or the conduct of anyone acting on behalf of the creditor) before and after making the agreement or in relation to any related agreement. There is no statutory definition of the word "unfair" in the CCA as the intention is for the test to be flexible and subject to judicial discretion and it is therefore difficult to predict whether a court would find a relationship "unfair". However, the word "unfair" is not an unfamiliar term in UK legislation due to the UTCCR and the CRA (each as defined below). The courts may, but are not obliged to, look solely to the Consumer Credit Act 2006 for guidance. The principle of "treating customers fairly" under the FSMA, and guidance published by the FSA and, as of 1 April 2013, the FCA on that principle and for guidance by the OFT on the unfair relationship test, may also be relevant. Under the CCA, once the debtor alleges that an "unfair relationship" exists, then the burden of proof is on the creditor to prove the contrary.

*Plevin v Paragon* [2014] UKSC 61, a Supreme Court judgment, has clarified that compliance with the relevant regulatory rules by the creditor (or a person acting on behalf of the creditor) does not preclude a finding of unfairness, as a wider range of considerations may be relevant to the fairness of the relationship than those which would be relevant to the application of the rules. Where add-on products such as insurance are sold and are subject to significant commission payments, it is possible that the non-disclosure of commission by the lender is a factor that could form part of a finding of an unfair relationship.

In March 2017, the FCA published final rules and guidance with respect to payment protection insurance complaints in light of *Plevin*. The rules will not apply to borrowers with Regulated Mortgage Contracts. The FCA rules came into force on 29 August 2017 and require firms that sold payment protection insurance ("**PPI**") to write to previously rejected mis-selling complainants who are eligible to complain again in light of *Plevin* in order to explain this to them by 29 November 2017. The FCA rules state that if the anticipated profit share and commission or the likely range of profit share and commission on a PPI Contract were not disclosed to the borrower before the PPI Contract was entered into, the firm should consider whether it can satisfy itself on reasonable grounds that an unfair relationship did not arise. A firm should make a rebuttable presumption that failure to disclose commission gave rise to an unfair relationship if the anticipated profit share plus the commission known or reasonably foreseeable at the time of sale was in relation to a single premium payment protection contract, more than 50 per cent. of the total amount paid in relation to the PPI Contract or in the case of a regular premium PPI Contract, at any time in the relevant period or period more than 50 per cent. of the total amount paid in relation to the PPI Contract in respect of the

relevant period or periods. The FCA cites, amongst others, an example of such presumption being rebutted by the lender not having known and not being reasonably expected to have known or foreseen the level of commission and anticipated profit share. Where the firm concludes that the non-disclosure of commission on a PPI Contract has given rise to an unfair relationship, the FCA states that the firm should remedy the unfairness by paying the complainant a sum equal to the total commission paid by the complainant for PPI plus an amount representing any profit share payment, minus 50 per cent. of the total amount paid by the complainant for the PPI ("**Compensation Sum**"). The firm should also repay historic interest in relation to the Compensation Sum (which is the interest the complainant paid as a result of the Compensation Sum being included in the loan) where relevant and also pay simple interest on the whole amount. The FCA set a deadline of 29 August 2019 by which consumers needed to make any PPI complaints or lose their right to have them assessed by firms or the FOS (although consumers continue to be able to bring claims in court). There is a possibility that such a deadline could be challenged in court or subject to judicial review. A consumer may be able to still submit a complaint if they were sold the policy after 29 August 2017, the complaint is about a claim being turned down by an insurer or the consumer can clearly show that there were exceptional circumstances that prevented them from making a complaint by the deadline.

If a court determined that there was an unfair relationship between the Legal Title Holder as lender and the borrowers in respect of the Loans and ordered that financial redress was made in respect of such Loans, or if redress was due in accordance with the FCA guidance on PPI complaints, such redress may adversely affect the ultimate amount received by the Issuer in respect of the relevant Loans, and the realisable value of the Portfolio and/or the ability of the Issuer to make payments under the Notes.

### ***Distance Marketing***

In the UK, the Financial Services (Distance Marketing) Regulations 2004 (the DM Regulations) apply, *inter alia*, to credit agreements entered into on or after 31 October 2004 by means of distance communication (i.e. without any substantive simultaneous physical presence of the originator and the borrower).

A Regulated Mortgage Contract, if originated by a UK lender from an establishment in the UK, will not be cancellable under the DM Regulations but is subject to related pre-contract disclosure requirements in MCOB. Certain other credit agreements will be cancellable under the DM Regulations if the borrower does not receive prescribed information at the prescribed time, or in any event for certain unsecured lending. Where the credit agreement is cancellable under the DM Regulations, the borrower may send notice of cancellation at any time before the end of the 14th day after the day on which the cancellable agreement is made, where all the prescribed information has been received, or, if later, the borrower receives the last of the prescribed information.

Compliance with the DM Regulations may be secured by way of injunction, granted on such terms as the court thinks fit to ensure such compliance, and certain breaches of the DM Regulations may render the supplier or intermediaries (and their respective relevant officers) liable to a fine. Failure to comply with MCOB rules could result in, *inter alia*, disciplinary action by the FCA and possible claims under Section 138D of the FSMA for breach of FCA rules.

If the borrower cancels the credit agreement under the DM Regulations, then: (a) the borrower is liable to repay the principal and any other sums paid by the originator to the borrower under or in relation to the cancelled agreement within 30 days beginning with the day of the borrower sending notice of cancellation or, if later, the originator receiving notice of cancellation; (b) the borrower is liable to pay interest or any early repayment charge or other charge for credit under the cancelled agreement, only if the borrower received certain prescribed information at the prescribed time and if other conditions are met; and (c) any security is to be treated as never having had effect in respect of the cancelled agreement.

If a significant portion of the Loans are characterised as being cancellable under the DM Regulations, then there could be an adverse effect on the ability of the Issuer to make payments on the Notes.

### ***Unfair Terms in Consumer Contracts Regulations 1994 and 1999 and Consumer Rights Act 2015***

In the United Kingdom, the Unfair Terms in Consumer Contracts Regulations 1999 as amended (the "**1999 Regulations**"), together with (in so far as applicable) the Unfair Terms in Consumer Contracts Regulation 1994 (together with the 1999 Regulations, (the "**UTCCR**"), applies to agreements made on or after 1 July 1995 but prior to 1 October 2015 by a "consumer" within the meaning of the UTCCR, where the terms have not been individually negotiated. The Consumer Rights Act 2015 (the "**CRA**") has revoked the UTCCR in respect of contracts made on or after 1 October 2015 (see "*Consumer Rights Act 2015*" below).

The UTCCR and the CRA provide that a consumer (which would include a borrower under all or almost all of the Loans) may challenge a term in an agreement on the basis that it is "unfair" within the UTCCR or the CRA as applicable and therefore not binding on the consumer (although the rest of the agreement will remain enforceable if it is capable of continuing in existence without the unfair term) and provide that a regulator may take action to stop the use of terms which are considered to be unfair.

The UTCCR will not generally affect terms which define the main subject matter of the contract, such as the borrower's obligation to repay the principal, provided that these terms are written in plain and intelligible language and are drawn adequately to the consumer's attention. The UTCCR may affect terms that are not considered to be terms which define the main subject matter of the contract, such as the lender's power to vary the interest rate and certain terms imposing early repayment charges and mortgage exit administration fees. For example, if a term permitting the lender to vary the interest rate (as the originator is permitted to do) is found to be unfair, the borrower will not be liable to pay interest at the increased rate or, to the extent that the borrower has paid it, will be able, as against the lender, or any assignee such as the Issuer, to claim repayment of the extra interest amounts paid or to set-off the amount of the claim against the amount owing by the borrower under the loan or any other loan agreement that the borrower has taken with the lender (or exercise analogous rights in Scotland). Any such non-recovery, claim or set-off may adversely affect the Issuer's ability to make payments in full on the Notes when due.

In July 2019, the FCA and the Competition and Markets Authority (the "**CMA**") entered into a memorandum of understanding in relation to consumer protection (the "**MoU**") which replaced the original memorandum of understanding entered into between the FCA and the CMA on 12 January 2016. The MoU states that the FCA will consider fairness within the meaning of the CRA and the UTCCR, of standard terms, and within the meaning of the CRA of negotiated terms, in financial services contracts entered into by authorised firms or appointed representatives and within the meaning of the Consumer Protection from Unfair Trading Regulations 2008 (the "**CPUTR**"), of commercial practices in financial services and claims management services of an authorised firm or appointed representative. In the MoU 'authorised' includes having an interim permission and a 'relevant permission' includes an interim permission.

The FCA's consideration of fairness under the CRA, UTCCR and CPUTR will include contracts for:

- mortgages and the selling of mortgages;
- insurance and the selling of insurance;
- bank, building society and credit union accounts;
- life assurance;

- pensions;
- investments;
- consumer credit;
- consumer hire;
- other credit-related regulated activities; and
- claims management services.

MCOB rules for Regulated Mortgage Contracts require that: (a) arrears charges represent a reasonable estimate of the cost of the additional administration required as a result of the borrower being in arrears, and (b) from 25 June 2010, the borrower's payments are allocated first towards paying off the balance of any payment shortfall, excluding any interest or charges on that balance. In October 2010, the FSA issued a statement that, in its view, early repayment charges are likely to amount to the price paid by the borrower in exchange for services provided and may not be reviewable for fairness under the UTCCR provided that they are written in plain and intelligible language and are adequately drawn to the borrower's attention. In January 2012, the FSA issued a further statement intended to raise awareness of issues that it commonly identifies under the UTCCR (such statement has since been withdrawn – see below).

In July 2012, the Law Commission launched a consultation in order to review and update the recommendations set out in their 2005 Report on Unfair Terms in Contracts. In March 2013, the Law Commission and The Scottish Law Commission (together, the "**Commissions**") published its advice, in a paper entitled "Unfair Terms in Consumer Contracts: Advice to the Department for Business, Innovation and Skills". This advice paper repeats the recommendation from the 2005 Report on Unfair Terms in Contracts that the Unfair Contract Terms Act 1977 and the UTCCR should be consolidated, as well as providing new recommendations, including extending the protections of unfair terms legislation to notices and some additions to the "grey list" of terms which are indicatively unfair. The Commissions also recommended that the UTCCR should expressly provide that, in proceedings brought by individual consumers, the court is required to consider the fairness of the term, even if the consumer has not raised the issue, where the court has available to it the legal and factual elements necessary for that task. Such reforms are included in the Consumer Rights Act 2015, which came into force in October 2015.

Historically the OFT, FSA and FCA (as appropriate) have issued guidance on the UTCCR. This has included: (i) OFT guidance on fair terms for interest variation in mortgage contracts dated February 2000; (ii) an FSA statement of good practice on fairness of terms in consumer contracts dated May 2005; (iii) an FSA statement of good practice on mortgage exit administration fees dated January 2007; and (iv) FSA finalised guidance on unfair contract terms and improving standards in consumer contracts dated January 2012.

On 2 March 2015, the FCA updated its online unfair contract terms library by removing some of its material (including the abovementioned guidance) relating to unfair contract terms. The FCA stated that such material "no longer reflects the FCA's views on unfair contract terms" and that firms should no longer rely on the content of the documents that had been removed.

The broad and general wording of the UTCCR and the CRA makes any assessment of the fairness of terms largely subjective and makes it difficult to predict whether or not a term would be held by a court to be unfair. It is therefore possible that any Loans which have been made to Borrowers covered by the UTCCR and the CRA may contain unfair terms which may result in the possible unenforceability of the terms of the underlying loans. If any term of the Loans entered into between 1

July 1995 and 30 September 2015 is found to be unfair for the purpose of the UTCCR, this may reduce the amounts available to meet the payments due in respect of the Notes.

The FCA have stated that the finalised FCA guidance "Fairness of variation terms in financial services consumer contracts under the Consumer Rights Act 2015" (see "*Consumer Rights Act 2015*" below) applies equally to factors that firms should consider to achieve fairness under the UTCCR.

The guidance issued by the FSA (and, as of 1 April 2013, the FCA), the OFT and the CMA has changed over time and it is possible that it may change in the future. No assurance can be given that any such changes in guidance on the UTCCR and CRA, or reform of the UTCCR and the CRA, will not have a material adverse effect on the Legal Title Holder, the Seller, the Servicer and the Issuer and their respective businesses and operations. This may adversely affect the ability of the Issuer to make payments in full on the Notes when due.

### ***Consumer Rights Act 2015***

The main provisions of the CRA came into force on 1 October 2015. The CRA significantly reforms and consolidates consumer law in the UK. The CRA involves the creation of a single regime out of the Unfair Contract Terms Act 1977 (which essentially deals with attempts to limit liability for breach of contract) and the UTCCR for contracts entered into on or after 1 October 2015. The CRA has revoked the UTCCR in respect of contracts made on or after 1 October 2015 and introduced a new regime for dealing with unfair contractual terms as follows:

Under Part 2 of the CRA an unfair term of a consumer contract (a contract between a trader and a consumer) is not binding on a consumer (an individual acting for purposes that are wholly or mainly outside that individual's trade, business, craft or profession). Additionally, an unfair notice is not binding on a consumer, although a consumer may rely on the term or notice if the consumer chooses to do so. A term will be unfair where, contrary to the requirement of good faith, it causes significant imbalance in the parties' rights and obligations under the contract to the detriment of the consumer. In determining whether a term is fair it is necessary to: (i) take into account the nature of the subject matter of the contract; (ii) refer to all the circumstances existing when the term was agreed; and (iii) refer to all of the other terms of the contract or any other contract on which it depends.

Schedule 2 of the CRA contains an indicative and non-exhaustive "grey list" of terms of consumer contracts that may be regarded as unfair. Notably, paragraph 11 lists "a term which has the object or effect of enabling the trader to alter the terms of the contract unilaterally without a valid reason which is specified in the contract although paragraph 22 provides that this does not include a term by which a supplier of financial services reserves the right to alter the rate of interest payable by or due to the consumer, or the amount of other charges for financial services without notice where there is a valid reason if the supplier is required to inform the consumer of the alteration at the earliest opportunity and the consumer is free to dissolve the contract immediately.

A term of a consumer contract which is not on the "grey list" may nevertheless be regarded as unfair.

Where a term of a consumer contract is "unfair" it will not bind the consumer. However, the remainder of the contract, will, so far as practicable, continue to have effect in every other respect. Where a term in a consumer contract is susceptible of multiple different meanings, the meaning most favourable to the consumer will prevail. It is the duty of the court to consider the fairness of any given term. This can be done even where neither of the parties to proceedings have explicitly raised the issue of fairness.

The provisions in the CRA governing unfair contractual terms came into force on 1 October 2015. The Unfair Contract Terms Regulatory Guide (UNFCOG in the FCA handbook) explains the FCA's policy on how it uses its formal powers under the CRA and the CMA published guidance on the

unfair terms provisions in the CRA on 31 July 2015 (the **CMA Guidance**). The CMA indicated in the CMA Guidance that the fairness and transparency provisions of the CRA are regarded to be "effectively the same as those of the UTCCR". The document further notes that "the extent of continuity in unfair terms legislation means that existing case law generally, and that of the Court of Justice of the European Union particularly, is for the most part as relevant to the Act as it was the UTCCRs" (save in applying the consumer notices and negotiated terms). In general, there is little reported case law on the UTCCR and/or the CRA and the interpretation of each is open to some doubt. The extremely broad and general wording of the CRA makes any assessment of the fairness of terms largely subjective and makes it difficult to predict whether or not a term would be held by a court to be unfair. It is therefore possible that any Loans which have been made to Borrowers covered by the CRA may contain unfair terms which may result in the possible unenforceability of the terms of the underlying loans. If any term of the Loans entered into on or after 1 October 2015 is found to be unfair for the purpose of the CRA, this may reduce the amounts available to meet the payments due in respect of the Notes.

On 19 December 2018, the FCA published finalised guidance: "*Fairness of variation terms in financial services consumer contracts under the Consumer Rights Act 2015*" (FG18/7), outlining factors the FCA consider firms should have regard to when drafting and reviewing variation terms in consumer contracts. This follows developments in case law, including at the Court of Justice of the EU. The finalised guidance relates to all financial services consumer contracts entered into since 1 July 1995. The FCA stated that firms should consider both this guidance and any other rules that apply when they draft and use variation terms in their consumer contracts. The FCA stated that the finalised guidance will apply to FCA authorised persons and their appointed representative in relation to any consumer contracts which contain variation terms.

The guidance issued by the FSA, the FCA, the OFT and the Law Commission has changed over time and it is possible that a different approach may be taken in the future, including by the FCA and/or the CMA. No assurance can be given that changes to guidance on unfair contract terms legislation will not have a material adverse effect on the Issuer's ability to make payments on the Notes.

### ***Financial Ombudsman Service***

Under the FSMA, the Financial Ombudsman Service (the "**Ombudsman**"), an independent adjudicator, is required to make decisions on, among other things, complaints relating to activities and transactions under its jurisdiction on the basis of what, in the Ombudsman's opinion, would be fair and reasonable in all circumstances of the case, taking into account, among other things, law and guidance, rather than strictly on the basis of compliance with law.

Complaints properly brought before the Ombudsman for consideration must be decided on a case-by-case basis, with reference to the particular facts of any individual case. Each case would first be adjudicated by an adjudicator. Either party to the case may appeal against the adjudication. In the event of an appeal, the case proceeds to a final decision by the Ombudsman. As the Ombudsman is required to make decisions on the basis of, among other things, the principles of fairness, and may order a monetary award to a complaining borrower, it is not possible to predict how any future decision of the Ombudsman would affect the ability of the Issuer to make payments to Noteholders.

### ***Consumer Protection from Unfair Trading Regulations 2008***

On 11 May 2005, the European Parliament and the Council adopted a Directive (2005/29/EC) regarding unfair business-to-consumer commercial practices (the "**Unfair Practices Directive**"). Generally, this directive applies full harmonisation, which means that Member States may not impose more stringent provisions in the fields to which full harmonisation applies. By way of exception, the Unfair Practices Directive permits Member States to impose more stringent provisions in the fields of financial services and immovable property, such as mortgage loans.

The Unfair Practices Directive provides that enforcement bodies may take administrative action or legal proceedings against a commercial practice on the basis that it is "unfair" within the Unfair Practices Directive. The Unfair Practices Directive is intended to protect only collective interests of consumers, and so is not intended to give any claim, defence or right of set-off to an individual consumer.

The Unfair Practices Directive is implemented into UK law by the Consumer Protection from Unfair Trading Regulations 2008 (the "**CPUTR**"), which came into force on 26 May 2008. The CPUTR prohibit certain practices which are deemed "unfair" within the terms of the CPUTR. Breach of the CPUTR does not (of itself) render an agreement void or unenforceable, but is a criminal offence punishable by a fine and/or imprisonment. The possible liabilities for misrepresentation or breach of contract in relation to the underlying credit agreements may result in irrecoverable losses on amounts to which such agreements apply. The CPUTR do not provide consumers with a private act of redress. Instead, consumers must rely on existing private law remedies based on the law of misrepresentation and duress. The Consumer Protection (Amendment) Regulations 2014 (SI No.2014/870) was laid before Parliament on 1 April 2014 and came into force on 1 October 2014. These amendments to the CPUTR give consumers a right to redress for misleading or aggressive commercial practices (as defined in the CPUTR), including a right to unwind agreements.

In addition, the Unfair Practices Directive is taken into account in reviewing rules under the FSMA. For example, the MCOB rules for Regulated Mortgage Contracts from 25 June 2010 (formerly these were matters of non-binding guidance) prevent the lender from: (a) repossessing the mortgaged property unless all other reasonable attempts to resolve the position have failed, which include considering whether it is appropriate to offer an extension of term or a change in the product type, and (b) automatically capitalising a payment shortfall.

No assurance can be given that the UK's implementation of the Unfair Practices Directive will not have a material adverse effect on the Loans or the manner in which they are serviced and accordingly on the ability of the Issuer to make payments to Noteholders.

### ***Mortgage repossession***

The Mortgage Repossessions (Protection of Tenants etc) Act 2010 came into force on 1 October 2010. This Act gives courts in England and Wales the same power to postpone and suspend repossession for up to two months on application by an unauthorised tenant (i.e. a tenant in possession without the lender's consent) as generally exists on application by an authorised tenant. The lender has to serve notice at the property before enforcing a possession order.

Part I of the Home Owner and Debtor Protection (Scotland) Act 2010 came into force on 30 September 2010 and imposes additional requirements on heritable creditors (the Scottish equivalent of a mortgagee) in relation to the enforcement of standard securities over residential property in Scotland. Under Part I of the Act, the heritable creditor, which may be the Seller or, in the event of it taking legal title to the Scottish loans and their Related Security, the Issuer, has to obtain a court order to exercise its power of sale (in addition to initiating the enforcement process by the service of a two month "calling up" notice), unless the borrower and any other occupiers have surrendered the property voluntarily. In applying for the court order, the heritable creditor also has to demonstrate that it has taken various preliminary steps to attempt to resolve the borrower's position, and comply with further procedural requirements.

The protocol in these Acts and the MCOB requirements for mortgage possession cases may have adverse effects in markets experiencing above average levels of possession claims. Delays in the initiation of responsive action in respect of the Loans may result in lower recoveries and a lower repayment rate on the Notes.

### ***Mortgage Prisoners***

The FCA are aware that there are some consumers who cannot switch to a more affordable mortgage despite being up to date with their mortgage payments. This includes those who cannot switch because of changes to lending practices during and after the 2008 financial crisis and subsequent regulation that tightened lending standards – these consumers are often called 'mortgage prisoners'.

Under Policy Statement PS19/27 which came into effect on 28 October 2019, the FCA have amended their responsible lending rules and guidance to help remove potential barriers to consumers switching to a more affordable mortgage and to reduce the time and costs of switching for all relevant consumers. The changes will mean that mortgage lenders can choose to carry out a modified affordability assessment where a consumer has a current mortgage, is up-to-date with their mortgage payments (and has been for the last 12 months), does not want to borrow more, other than to finance any relevant product, arrangement or intermediary fee for that mortgage and is looking to switch to a new mortgage deal on their current property. Further, inactive lenders and administrators acting for unregulated entities (such as the Issuer), must review their customer books and develop and implement a communication strategy for contacting relevant consumers to tell them it could be simpler for them to remortgage. The communication exercise must be completed by 1 September 2020.

The modification of the responsible lending rules should make it easier for a borrower who is a mortgage prisoner to switch to a new lender and this could increase redemption rates where there are a significant number of mortgage prisoners held by a lender.

### ***Land Registration Reform in Scotland***

The Land Registration etc. (Scotland) Act 2012 (the "**2012 Act**") came into force in Scotland on 8 December 2014. One of the policy aims of the 2012 Act is to encourage the transfer of property titles recorded in the historic General Register of Sasines to the more recently established Land Register of Scotland with the aim of eventually closing the General Register of Sasines.

Previously, title to a residential property that was recorded in the General Register of Sasines would usually only require to be moved to the Land Register of Scotland (a process known as "first registration") when that property was sold or if the owner decided voluntarily to commence first registration. However, the 2012 Act sets out in provisions which are being brought into effect in stages, additional circumstances which will trigger first registration of properties recorded in the General Register of Sasines, including (i) the recording of a standard security (which would extend to any standard security granted by the Issuer in favour of the Security Trustee over Scottish Mortgages in the Portfolio recorded in the General Register of Sasines, pursuant to the terms of the Deed of Charge following a Perfection Event (a "**Scottish Sasine Sub-Security**")) or (ii) the recording of an assignation of a standard security (which, in the latter case, would extend to any assignation granted by the Legal Title Holder in favour of the Issuer in respect of Scottish Mortgages in the Portfolio recorded in the General Register of Sasines, pursuant to the terms of the Mortgage Sale Agreement following a Perfection Event (a "**Scottish Sasine Transfer**")).

The relevant provisions of the 2012 Act relating to the recording of standard securities came into force on 1 April 2016. As the transaction contemplated by the Transaction Documents involves the sale of a static pool of mortgages and standard securities, these changes should not have any immediate effect in relation to the Scottish Mortgages contained in the Portfolio at the Closing Date. As of the date of this Prospectus, the General Register of Sasines is now closed to the recording of standard securities. Notwithstanding the provisions of the 2012 Act mentioned above, for the time being, other deeds such as assignations of standard securities (including Scottish Sasine Transfers) will continue to be accepted in the General Register of Sasines indefinitely (although the Registers of Scotland have reserved the right to consult further on this issue in the future).



If the General Register of Sasines becomes closed to assignments of standard securities at any time after the date of this Prospectus, then this would also have an impact on the registration of Scottish Sasine Transfers in addition to impacting on the registration of Scottish Sasine Sub-Security executed following a Perfection Event, with the probability of higher legal costs and a longer period required to complete registration than would currently be the case.

As noted above, such events will only occur following a Perfection Event and given that the proportion of residential properties in Scotland which remain recorded in the General Register of Sasines continues to decline (the Registers of Scotland estimate that, in April 2019 around 67 per cent. of property titles in Scotland were registered in the Land Register of Scotland), it is likely that, in relation to the current Portfolio, where, as at the Portfolio Reference Date, 3.00 per cent. (by current balance) of the Properties are located in Scotland, only a minority of the Scottish Mortgages will be recorded in the General Register of Sasines.

### ***General***

No assurance can be given that additional regulations or guidance from the FCA, the PRA, the Ombudsman, the CMA or any other regulatory authority will not arise with regard to the mortgage market in the United Kingdom generally, the Seller's particular sector in that market or specifically in relation to the Seller. Any such action or developments or compliance costs may have a material adverse effect on the Loans, the Seller, the Issuer and/or the Servicer and their respective businesses and operations. This may adversely affect the ability of the Issuer to make payment in full when due on the Notes.

### ***Potential effects of any additional regulatory changes***

No assurance can be given that additional regulatory changes by or guidance from the CMA, the FCA, the Ombudsman or any other regulatory authority will not arise with regard to the mortgage market in the United Kingdom generally, the Legal Title Holder and/or the Seller's particular sector in that market or specifically in relation to the Legal Title Holder and/or the Seller. Any such action or developments or compliance costs may have a material adverse effect on the Loans, the Legal Title Holder, the Seller, the Issuer, the Servicer and their respective businesses and operations. This may adversely affect the Issuer's ability to make payments in full on the Notes when due.

### ***Financial Services Compensation Scheme and "Help to Buy" Scheme***

The Notes are not guaranteed by the UK Government under the asset-backed securities guarantee scheme. Also, any investment in the Notes does not have the status of a protected claim under the UK Financial Services Compensation Scheme and accordingly, the Notes will not confer any entitlement to compensation under that scheme.

In March 2013, the UK Government announced the "Help to Buy" Scheme involving two separate proposals to assist home buyers. The first involves a shared equity loan made available by the UK Government to borrowers for the purchase of new homes. The shared equity loans were available from 1 April 2013 (each a "**Help to Buy Equity Loan**"). 29.04 per cent. of the Loans by Current Balance in the Provisional Portfolio are Help to Buy Equity Loans. The second involves a guarantee provided by the UK Government for loans made to the borrowers allowing up to a 95% LTV. There are no guarantee loans in the provisional portfolio.

## SUMMARY OF THE KEY TRANSACTION DOCUMENTS

### Mortgage Sale Agreement

#### *Portfolio*

Under a mortgage sale agreement entered into on or around the Closing Date between, among others, the Original Seller, the Seller, the Issuer, the Security Trustee and the Servicer (the "**Mortgage Sale Agreement**"), on the Closing Date:

- (a) the Original Seller shall:
  - (i) sell, assign or otherwise transfer to the Seller pursuant to the Mortgage Sale Agreement a portfolio of English and Welsh residential mortgage loans each secured by an English Mortgage and, where applicable, other Related Security (the "**English Loans**"); and
  - (ii) sell, assign or otherwise transfer to the Seller or at the direction of the Seller pursuant to the Mortgage Sale Agreement hold a portfolio of Scottish residential mortgage loans each secured by a Scottish Mortgage and, where applicable, other Related Security (the "**Scottish Loans**") on trust under a Scottish Declaration of Trust for the benefit of the Seller (or as the Seller shall direct); and
- (b) the Seller shall (in consideration for payment of the Initial Consideration and the issuance and payment under the Residual Certificates as detailed below):
  - (i) sell, assign or otherwise transfer to the Issuer pursuant to the Mortgage Sale Agreement the English Loans; and
  - (ii) sell, assign or otherwise transfer to the Issuer pursuant to the Mortgage Sale Agreement and procure that the Legal Title Holder holds the Scottish Loans on trust under a Scottish Declaration of Trust for the benefit of the Issuer.

The English Loans and their Related Security comprising the Portfolio will be assigned by way of equitable assignment from the Original Seller to the Seller and from the Seller to the Issuer while the Scottish Loans and their Related Security comprised in the Portfolio will be held on trust by the Legal Title Holder (at the direction of and with the consent of the Seller) for the Issuer under (in respect of the Scottish Loans and their Related Security comprised in the Portfolio) a Scottish Declaration of Trust dated the Closing Date, in each case referred to as the "**sale**" by the Seller to the Issuer of the Loans and Related Security. The Loans and Related Security and all monies derived therefrom from time to time are referred to herein as the "**Portfolio**".

The consideration due to the Seller in respect of the sale of the Portfolio shall be:

- (a) the Initial Consideration, which is due and payable on the Closing Date; and
- (b) the deferred consideration consisting of the RC1 Payments and the RC2 Payments payable pursuant to the applicable Priority of Payments, the right to such RC1 Payments and the RC2 Payments being represented by Residual Certificates to be issued by the Issuer and delivered to, or at the direction of, the Seller on the Closing Date.

Any RC1 Payments or RC2 Payments payable pursuant to the Residual Certificates will be paid in accordance with the priority of payments set out in the section headed "*Cashflows– Application of*

*Available Revenue Receipts prior to the service of an Enforcement Notice on the Issuer", "Cashflows – Application of Available Redemption Receipts prior to the service of an Enforcement Notice on the Issuer" and "Cashflows – Distributions following the service of an Enforcement Notice on the Issuer" below.*

The Original Seller, as directed by the Seller, shall transfer to the Issuer within two Business Days of the Closing Date an amount equal to all Collections received on the Loans from (and including) 1 February 2020 to (but excluding) the Closing Date.

*Title to the Mortgages, Registration and Notifications*

The completion of the transfer, or, in the case of Scottish Loans and their Related Security, assignation, of the Loans and their Related Security (and, where appropriate, their registration or recording) to the Issuer is, save in the limited circumstances referred to below, deferred. Legal title to the Loans and their Related Security therefore remains with the Legal Title Holder until the occurrence of a Perfection Event. Notice of the sale of the Loans and their Related Security to the Issuer will not be given to any Borrower until the occurrence of a Perfection Event.

The transfers to the Issuer will be completed by or on behalf of the Legal Title Holder on or before the 20th Business Day after any of the following Perfection Events occurs:

- (a) the Legal Title Holder being required to perfect legal title to the Loans by an order of a court of competent jurisdiction or by a regulatory authority which has jurisdiction over the Legal Title Holder or by any organisation of which the Legal Title Holder is a member, or whose members comprise (but are not necessarily limited to) mortgage lenders and with whose instructions it is customary for the Legal Title Holder to comply, to perfect legal title to the Loans and their Related Security; or
- (b) it becoming necessary by law to do any or all of the acts referred to in paragraph (a) above; or
- (c) the security created under or pursuant to the Deed of Charge or any material part of that security being, in the opinion of the Security Trustee, in jeopardy; or
- (d) the Legal Title Holder calling for perfection by serving notice in writing to that effect on the Issuer and the Security Trustee; or
- (e) an Insolvency Event occurring in relation to the Legal Title Holder or the Seller; or
- (f) it becoming unlawful in any applicable jurisdiction for the Legal Title Holder to hold legal title in respect of any Loan or its Related Security in the Portfolio; or
- (g) the Legal Title Holder or Seller is in breach of its obligations under the Mortgage Sale Agreement, but only if (i) such breach, where capable of remedy, is not remedied to the reasonable satisfaction of the Security Trustee (acting in accordance with the Deed of Charge) within 90 calendar days and (ii) Moody's and/or Fitch shall have provided confirmation that the then current ratings of the Notes will be withdrawn, downgraded or qualified as a result of such breach; or
- (h) if the Legal Title Holder determines, as at any date, the CET1 Ratio of the OSB Group has fallen below 7.00 per cent,

provided that the provisions of paragraphs (g) and/or (h) above shall (1) not apply if the Seller has delivered a certificate to the Security Trustee that the occurrence of a Seller Insolvency Event does not impact the designation as a 'simple, transparent and standardised'

securitisation (within the meaning of the Securitisation Regulation); and (2) be subject to such amendment as the Seller may require so long as the Seller delivers a certificate to the Security Trustee that the amendment of such event does not impact the designation as a 'simple, transparent and standardised' securitisation (within the meaning of the Securitisation Regulation). The Security Trustee shall be able to rely on such certificate without further enquiry and without liability to any person.

(each of the events set out in paragraphs (a) to (h) above inclusive being a "**Perfection Event**").

If the Loans and their Related Security are sold pursuant to the exercise of the Call Option, the Issuer or (if at the time the Call Option is exercised the Issuer does not hold the Whole Legal Title) the Legal Title Holder, upon receipt of a direction from the Issuer and at the sole cost and expense of the Issuer, shall promptly transfer the Whole Legal Title in the Loans and their Related Security comprising the Portfolio to the Legal Title Transferee.

An "**Insolvency Event**" will occur in respect of an entity in the following circumstances:

- (a) an order is made or an effective resolution passed for the winding-up of the relevant entity (or it proposes or makes any composition or arrangement with its creditors); or
- (b) the relevant entity stops or threatens to stop payment to its creditors generally or the relevant entity ceases or threatens to cease to carry on its business or substantially the whole of its business; or
- (c) an encumbrancer takes possession or a Receiver is appointed to the whole or any material part of the undertaking, property and assets of the relevant entity or a distress, diligence or execution is levied or enforced upon or sued out against the whole or any material part of the chattels or property of the relevant entity and, in the case of any of the foregoing events, is not discharged within 30 days; or
- (d) the relevant entity is unable to pay its debts as they fall due or it is deemed under section 123 of the Insolvency Act 1986 to be unable to pay its debts or announces an intention to suspend making payments with respect to any class of undisputed debts; or
- (e) if proceedings are initiated against the relevant entity under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the relevant entity or, as the case may be, in relation to the whole or any part of the undertaking or assets of any of relevant entity, and in any such case (other than the appointment of an administrator or an administrative receiver appointed following presentation of a petition for an administration order), unless initiated by the relevant entity, is not discharged within 30 days.

Following a Perfection Event, notice of the legal assignments and assignments will be given to the Borrowers and the Issuer will take steps to register and record such legal assignments and assignments at the Land Registry and Registers of Scotland (as applicable).

Save for Title Deeds held at the Land Registry or the Registers of Scotland (as the case may be), all the Title Deeds and the mortgage files and computer tapes relating to each of the Loans and their Related Security are held by the Legal Title Holder or the Servicer (on behalf of the Legal Title Holder) or its solicitors or agents and the Title Deeds are held in dematerialised form or are returned to the Borrower's solicitors, and in relation to the Title Deeds held at the Registers of Scotland in respect of Properties title to which is recorded in the General Register of Sasines, such Title Deeds

are held on the basis that they (other than the dematerialised copies of the Title Deeds) shall be returned to the Legal Title Holder or the Servicer or its solicitors or agents.

Neither the Security Trustee nor the Issuer has made or has caused to be made on its behalf any enquiries, searches or investigations, but each is relying entirely on the representations and warranties made by the Seller contained in the Mortgage Sale Agreement.

**"Capital Requirements Regulations"** means Regulation (EU) No. 575/2013;

**"CET1 Ratio"** means the ratio (expressed as a percentage) of Common Equity Tier 1 as at such date to the Risk Weighted Assets as at the same date, in each case calculated by the Legal Title Holder on an individual consolidated basis (as referred to in Article 9 of the CRR) or, as the context requires, a consolidated basis.

**"Common Equity Tier 1"** means, as at any date, the sum of all amounts that constitute common equity tier 1 capital of the Legal Title Holder as at such date, less any deductions from common equity tier 1 capital required to be made as at such date, in each case as calculated by the Legal Title Holder on an individual consolidated basis (as referred to in Article 9 of the CRR) or, as the context requires, a consolidated basis, in each case in accordance with the then prevailing Capital Requirements Regulations but without taking into account any transitional, phasing-in or similar provisions.

**"Risk Weighted Assets"** means, as at any date, the aggregate amount of the risk weighted assets of the Legal Title Holder as at such date, as calculated by the Legal Title Holder on an individual consolidated basis (as referred to in Article 9 of the CRR) or, as the context requires, a consolidated basis, in each case in accordance with the then prevailing Capital Requirements Regulations.

**"Title Deeds"** means, in relation to each Loan, and its Related Security and the Property relating thereto, all conveyancing deeds, certificates and all other documents which relate to the title to the Property and the security for the Loan and all searches and enquiries undertaken in connection with the grant by the relevant Borrower of the related Mortgage.

**"Loan Files"** means the file or files relating to each Loan (including files kept in microfiche format or similar electronic data retrieval system or the substance of which is transcribed and held on an electronic data retrieval system) containing inter alia correspondence between the Borrower and the Legal Title Holder and including mortgage documentation applicable to each Loan, each letter of offer for that Loan, the Valuation Report (if applicable), any MHA/CP Documentation and, to the extent available, the solicitor's or licensed conveyancer's certificate of title.

**"Valuation Report"** means the valuation report or reports for mortgage purposes, in the form of one of the pro forma contained in the Standard Documentation, obtained by the Legal Title Holder from a valuer in respect of each Property or a valuation report in respect of a valuation made using a methodology which would be acceptable to a Reasonable, Prudent Residential Mortgage Lender and which has been approved by the relevant officers of the Legal Title Holder.

This Portfolio does not contain transferable securities as defined in point (44) of MiFID II, derivative instruments or securitisation positions.

#### *Conditions to Sale*

The sale of Loans and their Related Security to the Seller will be subject to various conditions being satisfied on the Closing Date. The sale of Loans and their Related Security to the Issuer will be subject to various conditions being satisfied on the Closing Date.

### *Representations and Warranties*

On the Closing Date, the Loan Warranties (described below) will be given by the Seller in respect of the Loans and their Related Security sold by the Seller to the Issuer on that day. Save for any technical changes, substantially the same loan warranties will be provided by the Original Seller to the Seller in respect of the Loans and their Related Security sold by the Original Seller to the Seller on that day.

The warranties that will be given to the Issuer and separately to the Security Trustee by the Seller pursuant to the Mortgage Sale Agreement (the "**Loan Warranties**") include, *inter alia*, (defined terms having the meaning given to them in the Mortgage Sale Agreement), and see also "*The Loans - Insurance Contracts*" above:

- (a) each Loan was originated by the Legal Title Holder and was at the time of origination, and continues to be, denominated in Sterling;
- (b) the particulars of the Loans set out in the Mortgage Sale Agreement were complete, true and accurate in respect of the data fields described in the Mortgage Sale Agreement;
- (c) each Loan and its Related Security was made on the terms of the Standard Documentation without any material variation thereto and nothing has been done subsequently to add to, lessen, modify or otherwise vary the express provisions of any of the same in any material respect (other than in cases where the Legal Title Holder's prior consent was obtained);
- (d) all of the Borrowers are individuals and were aged 21 years or older as at the date of execution of the Loan;
- (e) the rate of interest under each Loan is charged monthly in accordance with the Standard Documentation, including any offer letter and the terms thereof;
- (f) all fees are either charged to the relevant Borrower in accordance with the Standard Documentation or waived in accordance with the practice of a Reasonable, Prudent Residential Mortgage Servicer;
- (g) at least one Monthly Instalment due in respect of each Loan has been paid by the relevant Borrower;
- (h) no Borrower is an employee or director of the Legal Title Holder or the Seller;
- (i) each Loan has a positive Current Balance;
- (j) each Loan is either a Fixed Rate Loan or a Floating Rate Loan;
- (k) each Loan has a term ending no later than the end of December 2054;
- (l) no Loan is a Flexible Loan;
- (m) the Mortgage Conditions for each Loan do not require the Legal Title Holder or the Seller to agree to any Further Advance or any Port;
- (n) the Mortgage Conditions for each Loan do not permit Payment Holidays;
- (o) as at the Cut-Off Date, the total amount of interest or principal in arrears, together with any fees, commissions and premiums payable at the same time as that interest payment or

principal repayment, on any Loan did not exceed more than the amount of the Monthly Instalment then due;

- (p) to the extent legally assignable, the benefit of all valuation reports and certificates of title which were provided to the Legal Title Holder not more than two years prior to the date of the Mortgage Sale Agreement can be validly assigned to the Issuer without obtaining the consent of the relevant valuer, solicitor, or licensed conveyance or (in Scotland) qualified conveyancer;
- (q) the amount outstanding under each Loan is a valid debt to the Legal Title Holder (as holder of the legal title to the Loan) from the Borrower arising from advances of money to the Borrower and, except for any Loan and its Related Security which is not binding by virtue of UTCCR or CRA, the terms of each Loan and its Related Security constitute valid, binding and legally enforceable obligations of the relevant parties except that (i) enforceability may be limited by bankruptcy, insolvency or other similar laws of general applicability affecting the enforcement of creditors' rights generally and the courts' discretion in relation to equitable remedies and (ii) the warranty only applies in relation to interest and principal payable by the Borrower;
- (r) subject in certain appropriate cases to the completion of an application for registration or recording at the Land Registry or (as applicable) the Registers of Scotland, the whole of the Current Balance on each Loan and all future interest, fees, costs and expenses payable under or in respect of such Loan is secured by a Mortgage or Mortgages over a residential property and each Mortgage constitutes a valid and subsisting first charge by way of legal mortgage or (in Scotland) a first ranking standard security;
- (s) no Loan is wholly or partly regulated by the CCA or by the FSMA as a regulated credit agreement under article 60B of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) or treated as such, or, to the extent that it is so regulated or partly regulated or treated as such, the Seller and the Legal Title Holder has complied with all of the relevant legal requirements of, and procedures set out in, the CCA or the FSMA and all secondary legislation made pursuant thereto and the FCA handbook, as applicable;
- (t) no Loan (whether alone or with any related agreement) constitutes an unfair relationship for the purposes of sections 140A to 140C of the CCA;
- (u) in relation to any leasehold Property, in any case where the Legal Title Holder has received written notice from the relevant landlord that it is or may be taking reasonable steps to forfeit or irritate the lease of that Property, the Legal Title Holder has taken such reasonable steps (if any) and in such time as would be taken by a Reasonable, Prudent Residential Mortgage Lender to protect its security and the Loan;
- (v) each Loan was originated by and made by the Legal Title Holder on its own account pursuant to underwriting standards that are no less stringent than those the Legal Title Holder applied at the time of origination to similar exposures that are not securitised;
- (w) with the exception of certain allowable fees being added to the aggregate balance of the Loan, the original advance being made under each Loan was more than more than £22,500 but less than £850 000 as at the relevant date of origination;
- (x) not more than six months prior to the grant of each Loan, the Legal Title Holder received a valuation report from a valuer on the relevant property (or such other form of report concerning the valuation of the relevant property as would be acceptable to a Reasonable, Prudent Residential Mortgage Lender) which included as part of each valuation an inspection

of the internal areas of the relevant property, the contents of which were such as would be acceptable to a Reasonable, Prudent Residential Mortgage Lender;

- (y) prior to the taking of each Mortgage (other than a remortgage), the Legal Title Holder: (i) instructed its solicitor, licensed conveyancer or (in Scotland) qualified conveyancer to carry out an investigation of title to the relevant property and to undertake such other searches, investigations, enquiries and other actions on behalf of the Legal Title Holder as are set out in the instructions which the Legal Title Holder issued to the relevant solicitor, licensed conveyancer or (in Scotland) qualified conveyancer as are set out in (A) the Council for Mortgage Lenders' Handbook for England and Wales in relation to English Loans; or (B) UK Finance Mortgage Lenders' Handbook for Conveyancers for Scotland in relation to Scottish Loans (or such comparable, predecessor or successor instructions and/or guidelines as may for the time being be in place), subject only to such variations made on a case by case basis as would have been acceptable to a Reasonable, Prudent Residential Mortgage Lender at the relevant time; and (ii) received a certificate of title from the solicitor, licensed conveyancer or (in Scotland) qualified conveyancer or referred to in sub-paragraph (i) relating to such property, the contents of which were such as would have been acceptable to a Reasonable, Prudent Residential Mortgage Lender at that time;
- (z) no Loan was or is:
  - (i) a Buy-to-Let Loan; or
  - (ii) a Self-Certified Loan;
- (aa) all of the Properties are residential properties located in England, Wales or Scotland;
- (bb) in relation to each Mortgage other than a Scottish Mortgage, the Borrower has good and marketable title to the relevant Property (subject to registration of the title at the Land Registry) free from any encumbrance (except the Mortgage and any subsequent ranking mortgage) which would materially adversely affect such title and, without limiting the foregoing, in the case of a leasehold Property:
  - (i) the lease cannot be forfeited on the bankruptcy of the tenant; and
  - (ii) any requisite consent of the landlord to, or notice to the landlord of, the creation of the Related Security has been obtained or given;
- (cc) in relation to each Scottish Mortgage, the Borrower has a valid and marketable heritable or long lease title to the relevant Property (subject to registration or recording of the title at the Registers of Scotland) free from any encumbrance (save for the Scottish Mortgage and any subsequent ranking standard security) which would materially adversely affect such title and, without limiting the foregoing, in the case of a long leaseholder Property:
  - (i) in requisite consent of the landlord to, or notice to the landlord of, the creation of the Related Security has been obtained or given; and
  - (ii) the terms of the lease would, at the time of origination, have been acceptable to a Reasonable, Prudent Residential Mortgage Lender;
- (dd) the Legal Title Holder has instructed its solicitors to take all steps necessary to perfect the Legal Title Holder's title to each Mortgage with all due diligence and there are no cautions, notices, inhibitions or restrictions which would prevent the registration or recording of the Mortgage in due course;



- (ee) the Legal Title Holder has not waived any of its rights under or in relation to a Loan or its Related Security which would materially reduce the value of the Loan;
- (ff) the terms of the loan agreement or Related Security relating to each Loan are not "unfair terms" within the meaning of the UTCCR or CRA but this warranty shall only be construed as to apply in respect of principal and interest due or charged on the Loan and not in respect of any Early Repayment Charges;
- (gg) so far as the Seller is aware, in relation to each Mortgage every person who, at the date upon which the relevant Loan was made, had attained the age of 18 and who had been notified to the Legal Title Holder as residing or being about to reside in a Property subject to a Mortgage, is either (i) the relevant Borrower or (ii) has signed a deed of consent so as to ensure that the relevant Property is not subject to any right of occupancy and, in relation to each Scottish Mortgage, all necessary MHA/CP Documentation has been obtained so as to ensure that the relevant Property and relevant Scottish Mortgage is not subject to any right of occupancy;
- (hh) the Mortgage Conditions for each Loan require the Property over which the Loan is secured to be insured to an amount not less than the full reinstatement cost as determined by the relevant valuer or automated valuation model (as applicable);
- (ii) save for Title Deeds held at the Land Registry or the Registers of Scotland (as the case may be), all the Title Deeds and the mortgage files and computer tapes relating to each of the Loans and their Related Security are held by the Legal Title Holder or the Servicer (on behalf of the Legal Title Holder) or its solicitors or agents or the Title Deeds are held in dematerialised form or are returned to the Borrower's solicitors, and in relation to the Title Deeds held at the Registers of Scotland in respect of the Properties title to which is recorded in the General Register of Sasines, such Title Deeds are held on the basis that they (other than the dematerialised copies of the Title Deeds) shall be returned to the Seller or the Servicer or its solicitors or agents;
- (jj) the Legal Title Holder has legal title to, and the Seller has good and marketable title to, and immediately prior to the sale of such Loan, is the sole absolute unencumbered legal and beneficial owner of, each Loan and its Related Security and all other property, rights and benefits agreed to be sold by the Seller to the Issuer under the Mortgage Sale Agreement, subject in each case only to the Mortgage Sale Agreement, the Borrowers' equity of redemption and subject to registration or recording at the Land Registry or Registers of Scotland of the Legal Title Holder as proprietor or heritable creditor of the relevant Mortgage;
- (kk) the Legal Title Holder has not received written notice or is aware of any litigation or claim which may have a material adverse effect on the Legal Title Holder's title to any Loan or Related Security;
- (ll) all formal approvals, consents and other steps necessary to permit a legal and equitable or beneficial transfer of the Loans and their Related Security to be sold under the Mortgage Sale Agreement have been obtained or taken;
- (mm) the Legal Title Holder or the Servicer has kept such accounts, books and records as are necessary to show all material transactions, payments, receipts and proceedings relating to that Loan and its Related Security and all such accounts, books and records are in the possession of the Legal Title Holder or the Servicer;

- (nn) the Legal Title Holder has at all relevant times held, and continues to hold, authorisation and appropriate permissions from the FCA for conducting all regulated activities specified in the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (as amended) carried on by it in respect of each Loan;
- (oo) the Legal Title Holder has complied with all applicable material requirements of law or of any person who has regulatory authority which has the force of law in respect of the Loan and its Related Security;
- (pp) so far as the Seller is aware, neither they nor the Legal Title Holder nor any of their agents have received written notice of any litigation, claim, dispute, complaint or regulatory investigation (in each case, subsisting, threatened or pending) in respect of any Borrower, Loan or Related Security which (if adversely determined) would have a material adverse effect on amounts recoverable in relation to the Loans;
- (qq) the Legal Title Holder has created and maintained all records in respect of the Mortgages in accordance with the requirements of the FCA and any other applicable requirements of law or of any person who has regulatory authority which has the force of law;
- (rr) no Loan or Related Security is cancellable under the Financial Services (Distance Marketing) Regulations (2004) (as amended) or under any other applicable law;
- (ss) prior to the granting of each Loan, the Lending Criteria and all other conditions precedent to making the Loan were satisfied in all material respects, subject to such exceptions as would be acceptable to a Reasonable, Prudent Residential Mortgage Lender;
- (tt) the brochures, application forms, offers, offer conditions and marketing material distributed by Legal Title Holder to the Borrower when offering a Loan to a Borrower: (i) do not conflict in any material respect with the terms applicable to the relevant Loan and its Related Security at the time that the Loan was entered into; and (ii) do not conflict with and would not prohibit or otherwise limit (A) the assignment or assignation of the Loans and their Related Security to the Issuer; and (B) the administration of the Loans and their Related Security by the Servicer or by a successor servicer following the occurrence of a Servicer Termination Event;
- (uu) no Loan is guaranteed by a third party;
- (vv) other than with respect to Monthly Instalments (subject to Loan Warranty (o)), no Borrower is or has, since the date of the execution of the relevant Loan, been in material breach of any obligation owed with respect to the relevant Loan or its Related Security; and no steps have been taken by the Legal Title Holder to enforce any Related Security, provided that a Borrower will not be deemed to be in material breach of the relevant Loan as a result of a failure to obtain buildings insurance where such failure in relation to a Loan is covered under the Block Insurance Policies;
- (ww) no act or circumstance has occurred which will adversely affect the Properties in Possession Cover or entitle the insurers to refuse payment or reduce the amount payable;
- (xx) no Loan or its Related Security is subject to any right of rescission, set-off, lien, counterclaim or defence;
- (yy) no Loan is a Significant Deposit Loan;
- (zz) none of the property which is assigned or sold under the Mortgage Sale Agreement consists of or includes any "stock" or "marketable securities" within the meaning of section 125 of the

Finance Act 2003, "chargeable securities" for the purposes of section 99 of the Finance Act 1986 or a "chargeable interest" for the purposes of section 48 of the Finance Act 2003, section 4 of the Land and Buildings Transaction Tax (Scotland) 2013, or section 4 of the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017;

- (aaa) to the best of the Seller's knowledge, no Borrower has filed for bankruptcy or entered into an individual voluntary arrangement, trust deed or debt arrangement scheme (in terms of the Debt Arrangement and Attachment (Scotland) Act 2002 and the Debt Arrangement Scheme (Scotland) Regulations 2011, both as amended) or has a county court judgment, Scottish court decree for payment or bankruptcy order or award for sequestration entered or made against them within six years prior to the date they executed the relevant Loan; or
- (bbb) the Loan was granted to the relevant Borrower for the acquisition of their main residence;
- (ccc) as at the Closing Date, no Mortgage has been subject to any variation, amendment, modification, waiver or exclusion of time of any kind which in any material way adversely affects its enforceability or collectability;
- (ddd) no Mortgage has been entered into as a consequence of any conduct constituting fraud of the Legal Title Holder and, to the best of the Seller's knowledge, no Mortgage has been entered into fraudulently by the relevant Borrower;
- (eee) all approvals, consents and other steps necessary to permit a legal or equitable or beneficial transfer of the Loans, or a transfer of servicing or other disposal as and in the manner contemplated by the Transaction Documents away from the Legal Title Holder of the Loans and their related Mortgages to be sold under the Mortgage Sale Agreement, have been obtained or taken, and there is no requirement in order for the transfer to be effective to obtain the consent of the Borrower before, on or after any equitable or beneficial transfer or before any legal transfer of the Loans and their related Mortgages and such transfer or disposal shall not give rise to any claim by the Borrower against the Issuer, the Security Trustee or any of their successors in title, assigns or assignees;
- (fff) as at the Closing Date, each Mortgage and its Related Security has been transferred to the Issuer, and each transfer is enforceable against creditors of the Seller, and is neither prohibited nor invalid save only for applicable laws affecting the rights of creditors generally;
- (ggg) the aggregate Current Balance of all Loans made to a single Borrower in the Portfolio does not exceed 0.27 per cent. of the aggregate Current Balance of all the Loans;
- (hhh) as at the Closing Date, each Loan has a standardised risk weight equal to or smaller than 40 per cent., as does the exposure value-weighted average basis for the Portfolio, as per such terms described in Article 243 of the CRR;
- (iii) no Loan is considered by the Legal Title Holder as being in default within the meaning of Article 178(1) of the CRR, as further specified by Regulation (EU) No 575/2013 on the materiality threshold for credit obligations past due developed in accordance with Article 178 of the CRR and by the EBA Guidelines on the application of the definition of default developed in accordance with Article 178(7) of the CRR;
- (jjj) to the best of the Legal Title Holder's knowledge, no Borrower has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within six years prior to the date of origination or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the Closing Date;

- (kkk) to the best of the Legal Title Holder's knowledge, (i) at the time of origination of the relevant Loan, no Borrower appeared on a register available to the Legal Title Holder of persons with an adverse credit history or (ii) as at the Portfolio Reference Date, no Borrower had a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made was significantly higher than for comparable exposures held by the Legal Title Holder which are not included in the Portfolio;
- (lll) no Loan had a current Indexed LTV greater than 88% as at the Cut-Off Date;
- (mmm) the weighted average Indexed LTV of the Loans in the Portfolio was not greater than 71% as at the Cut-Off Date;
- (nnn) no Loan had an Unindexed LTV greater than 87% as at the date of origination of that Loan;
- (ooo) the Legal Title Holder has full recourse to the Borrower under the relevant Loans;
- (ppp) the weighted average Unindexed LTV as at origination of the Loans in the Portfolio was not greater than 71.50% as at the Cut-Off Date; and
- (qqq) as at the date of origination no Borrower had a credit risk assessment indicating, based on the Legal Title Holder's underwriting policy, a significant risk that contractually agreed payments will not be made.

Neither the Security Trustee, the Arranger nor the Joint Lead Managers have undertaken any additional due diligence in respect of the application of the Lending Criteria and have relied entirely upon the representations and warranties referred to above which will be made by the Seller to the Issuer and the Security Trustee pursuant to the Mortgage Sale Agreement.

Any material changes to the Legal Title Holder's prior underwriting policies and Lending Criteria shall be disclosed without undue delay to the extent required under Article 20(10) of the Securitisation Regulation.

**"Buy-to-Let Loan"** means any residential loan taken out by a Borrower in relation to the purchase or re-mortgage of a Property for letting purposes.

**"Cut-Off Date"** means 31 January 2020.

**"Further Advance"** means, in relation to a Loan, any advance of further money to the relevant Borrower following the advance of the initial principal amount by the Legal Title Holder to the relevant Borrower under a Loan ("**Initial Advance**") which is secured by the same Mortgage as the Initial Advance, but does not include the amount of any retention advanced to the relevant Borrower as part of the Initial Advance after completion of the Mortgage.

**"Indexed LTV"** means the ratio of the Current Balance of the relevant Loan divided by the indexed valuation of the relevant Property based on the Nationwide House Price Index since the date of that latest valuation until December 2019.

**"Interest-only Loan"** means any loan where the borrower makes monthly payments of interest but not principal so that, when the Loan matures, the entire principal amount of the Loan is still outstanding and is payable in one lump sum.

**"Port"** means the transfer of the Mortgage in respect of a Loan from an existing Property to a new Property where the new Property provides replacement security for the repayment by the Borrower of the relevant Loan.

**"Product Switch"** means any variation in the financial terms and conditions applicable to a Loan other than any variation:

- (a) agreed with a Borrower to control or manage actual or anticipated arrears on the Loan;
- (b) agreed with a Borrower to extend the maturity date of the Loan (unless the maturity date would be extended to a date later than three years before the Final Maturity Date of the Notes in which case such variation will constitute a Product Switch);
- (c) imposed by statute;
- (d) any variation in the rate of interest payable in respect of a Loan (i) as a result of any variation in the Floating Mortgage Rate or (ii) where the terms of the Mortgage change the rate of interest payable by a Borrower on termination of an interest discount for a fixed period of time or the terms of the Loan otherwise change the interest rate payable shall not be considered a Product Switch.

**"Right-to-Buy Loan"** means a Loan and its Related Security in the Portfolio that was extended to Borrowers in connection with the purchase (or refinancing of the purchase) by those Borrowers of Properties from local authorities or certain landlords under the "right to buy" scheme governed by the Housing Act 1985 (as amended by the Housing Act 2004) or (prior to 31 July 2016) the Housing (Scotland) Act 1987 (as amended).

**"Self-Certified Loan"** means a Loan where the application was taken on, and marketed with, the understanding that evidence of the declared income would not be required in order to underwrite the loan.

**"Unindexed LTV"** in relation to purchases is calculated by dividing the total amount of the Loan (net of fees) by the current market value determined by the valuation or the purchase price of the Property (whichever is the lower).

***Repurchase by the Seller or CCFS as Original Seller or Legal Title Holder***

The Seller will agree to be liable for the repurchase of any Loan and its Related Security sold pursuant to the Mortgage Sale Agreement if any Loan Warranty made by the Seller in relation to that Loan and/or its Related Security proves to be materially untrue as at the Closing Date and that default has not been remedied in accordance with the Mortgage Sale Agreement. Any Loans and their Related Security will be required to be repurchased following receipt by the Seller or (where the Seller has notified the Issuer and the Security Trustee in accordance with the Mortgage Sale Agreement that the Original Seller shall repurchase the Loan and/or its Related Security) the Original Seller of a loan repurchase notice substantially in the form set out in and delivered in accordance with the Mortgage Sale Agreement (a **"Loan Repurchase Notice"**) requiring the Seller or the Original Seller (as applicable) to repurchase the relevant Loan and its Related Security in accordance with the terms of the Mortgage Sale Agreement.

The Legal Title Holder will agree to repurchase any Loan which the Seller has determined on any Calculation Date to be a Significant Deposit Loan as at the immediately preceding Collection Period Start Date. Any Significant Deposit Loan and their Related Security will be required to be repurchased following receipt by the Legal Title Holder of a Loan Repurchase Notice requiring the Legal Title Holder to repurchase the relevant Significant Deposit Loan and its Related Security in accordance with the terms of the Mortgage Sale Agreement.

For these purposes, "**Significant Deposit Loan**" means a Loan where (i) the Legal Title Holder holds the legal title, and (ii) the relevant Borrower has a deposit account with the Legal Title Holder and the balance of such deposit account exceeds the maximum amount covered under the FSCS.

*Repurchase price*

The consideration payable by the Seller or CCFS (as Original Seller or Legal Title Holder) in respect of the repurchase of an affected Loan and its Related Security shall be equal to the Current Balance of such Loan (disregarding for the purposes of any such calculation the extent to which the Current Balance of such Loan has been reduced as a result of the exercise of any set-off right which the relevant Borrower has against the Legal Title Holder, the amount of any such reduction in the Current Balance) as at the relevant date of any such repurchase, plus the Issuer's costs and expenses (if any) associated with the transfer of such Loan and its Related Security to the Seller.

As used in this Prospectus:

"**Business Day**" means a day (other than a Saturday or Sunday or a public holiday) on which banks are open for business in London.

"**Calculation Date**" means, in relation to a Collection Period, the day falling eight Business Days after the end of the relevant Collection Period.

"**Certificate of Title**" means, in respect of a Property, a solicitor's, licensed or (in Scotland) qualified conveyancer's report or certificate of title obtained by or on behalf of the Legal Title Holder in respect of such Property substantially in the form of the pro forma set out in the Standard Documentation.

"**Collection Period**" means the monthly period commencing on (and including) a Collection Period Start Date and ending on (but excluding) the immediately following Collection Period Start Date, except that the first Collection Period will commence on (and include) 1 February 2020 and end on (and exclude) the Collection Period Start Date falling in March 2020.

"**Collection Period Start Date**" means the first calendar day of each month in each year, the first Collection Period Start Date will be 1 February 2020.

"**Enforced Loan**" means a Loan in respect of which the Related Security has been enforced and the related Property has been sold.

"**English Mortgage**" means a first ranking legal charge over a Property located in England or Wales.

"**Fixed Rate Loan**" means a Loan to the extent that and for such time as the interest rate payable by the relevant Borrower on all or part of the principal balance does not vary and is fixed for a certain period of time by the Legal Title Holder.

"**Flexible Loan**" means a loan in respect of which the Borrower has exercisable redraw rights under the relevant loan.

"**Floating Rate Loan**" means a Loan where the applicable rate of interest is the Floating Mortgage Rate.

"**Insurance Policies**" means with respect to the Mortgages, the Block Insurance Policies and any other insurance contracts in replacement, addition or substitution thereof from time to time which relate to the Loans.

**"MHA/CP Documentation"** means an affidavit, declaration, consent or renunciation granted in terms of the Matrimonial Homes (Family Protection) (Scotland) Act 1981 or (as applicable) the Civil Partnership Act 2004 in connection with a Scottish Mortgage or the Property secured thereby.

**"Monthly Instalment"** means the amount which the relevant Mortgage Conditions require a Borrower to pay on each monthly payment date in respect of that Borrower's Loan.

**"Mortgage"** means:

- (a) each English Mortgage, in respect of any English Loan; and
- (b) each Scottish Mortgage, in respect of any Scottish Loan,

which is, or is to be, sold, assigned or transferred by the Seller to the Issuer pursuant to:

- (i) the Mortgage Sale Agreement, in respect of any English Loan; or
- (ii) the Mortgage Sale Agreement and the Scottish Declaration of Trust, in respect of any Scottish Loan,

which secures the repayment of the relevant Loan pursuant to the Mortgage Conditions applicable to it.

**"Mortgage Conditions"** means in respect of a Loan, all the terms and conditions applicable to such Loan, including those set out in Precise Mortgages General Mortgage Conditions March 2010 (England and Wales) (PMGMC 09102, 00495 (3.7) and 00495 (4.1)), Precise Mortgages General Mortgage Conditions November 2015 (England and Wales) (PMGMC 00495 (5.2)), Precise Mortgages General Mortgage Conditions August 2016 (England and Wales) (PMGMC 00495 (5.5)), General Mortgage Conditions 2011 (Scotland), General Mortgage Conditions 2015 (Scotland), General Mortgage Conditions 2016 (Scotland), General Mortgage Conditions 2018 (Scotland) and the Legal Title Holder's relevant general conditions, each as varied from time to time by the relevant loan agreement, the relevant Mortgage Deed and the Offer Conditions.

**"Mortgage Deed"** means, in respect of any Mortgage, the deed in written form creating that Mortgage (being in respect of any Scottish Loans, a standard security).

**"Offer Conditions"** means in respect of a Loan, the terms and conditions applicable to such Loan as set out in the offer letter to the relevant Borrower.

**"Payment Holidays"** means any payment holiday feature of a product where a borrower who is not in arrears can apply to defer one or more Monthly Instalments.

**"Property"** means (in England and Wales) a freehold, leasehold or commonhold property or (in Scotland) a heritable property or property held under a long lease which is, in each case, subject to a Mortgage.

**"Receiver"** means any person or persons appointed (and any additional person or persons appointed or substituted) as an administrative receiver, receiver, manager, or receiver and manager of the Charged Assets by the Security Trustee pursuant to the Deed of Charge.

**"Related Security"** means, in relation to a Loan, the security granted for the repayment of that Loan by the relevant Borrower including the relevant Mortgage and all rights, remedies or benefits related thereto including:

- (a) the benefit of all affidavits, consents, renunciations, guarantees, indemnities, waivers and postponements (including any deed of consent and MHA/CP Documentation) from occupiers and other persons having an interest in or rights in connection with the relevant Property;
- (b) each right of action of the Legal Title Holder against any person (including any solicitor, licensed conveyancer, qualified conveyancer, valuer, registrar or registry or other person) in connection with any report, valuation, opinion, certificate or other statement of fact or opinion (including each Certificate of Title and Valuation Report) given or received in connection with all or part of any Loan and its Related Security or affecting the decision of the Legal Title Holder to make or offer to make all or part of the relevant Loan; and
- (c) the benefit of (including the rights as the insured person under and as notations of interest on, and returns of premium and proceeds of claims under) insurance and assurance policies (taken out by or on behalf of the relevant Borrower) deposited, charged, obtained, or held in connection with the relevant Loan, Mortgage and/or Property and relevant Loan Files.

**"Scottish Mortgage"** means a first ranking standard security over a Property located in Scotland.

**"Standard Documentation"** means the standard documentation of the Legal Title Holder, a list or CD of which is set out in or appended to Exhibit 1 to the Mortgage Sale Agreement, or any update or replacement therefor as permitted by the terms of the Mortgage Sale Agreement.

#### *Governing Law*

The Mortgage Sale Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by English law (other than those terms of the Mortgage Sale Agreement specific to the law of Scotland relating to the Scottish Loans and their Related Security, which are governed by Scots law).

### **Servicing Agreement**

#### *Introduction*

The Issuer, the Security Trustee, the Legal Title Holder, the Seller, the Servicer and the Back-Up Servicer Facilitator will enter into, on or around the Closing Date, an agreement pursuant to which the Servicer agrees to service the Loans and their Related Security (the **"Servicing Agreement"**). The services to be provided by the Servicer are set out in the Servicing Agreement, and may include any services incidental thereto as may be agreed to in writing by the Issuer, the Legal Title Holder, the Seller, the Security Trustee and the Servicer (the **"Services"**).

On or about the Closing Date, the Servicer will be appointed by the Issuer and, as applicable, the Legal Title Holder (including in its capacity as a trustee of the relevant trust declared and created by a Scottish Declaration of Trust (the **"Scottish Trust"**) to be its agent to service the Loans and their Related Security. The Servicer must comply with any proper directions and instructions that the Issuer or, following the Security Trustee notifying the Servicer that an Enforcement Notice has been served, the Security Trustee may from time to time give to it in accordance with the provisions of the Servicing Agreement.

The Servicer's actions in servicing the Loans and their Related Security in accordance with the terms of the Servicing Agreement (including the procedures of the Servicer set out therein) are binding on the Issuer.



### *Powers*

The Servicer has the power, among other things:

- (a) to exercise the rights, powers and discretions of the Issuer and the Legal Title Holder in relation to the Loans and their Related Security and to perform the obligations of the Issuer and the Legal Title Holder in relation to the Loans and their Related Security; and
- (b) to do or cause to be done any and all things which it reasonably considers necessary, convenient or incidental to the servicing of the Loans and their Related Security or the exercise of such rights, powers and discretions.

### *Undertakings by the Servicer*

The Servicer has undertaken, among other things, to:

- (a) service the Loans and their Related Security sold by the Seller to the Issuer as if the same had not been sold to the Issuer (or, in respect of the Scottish Loans and their Related Security, held on trust under the Scottish Trust) but had remained with the Seller in accordance with the Servicer's servicing, arrears and enforcement policies and procedures applicable to the Seller's loans from time to time as they apply to those Loans;
- (b) give such time and attention and exercise such skill, care and diligence in the performance of the Services and any other obligation contained in the Servicing Agreement and will provide those Services and perform such other obligations to the same standard as a Reasonable, Prudent Residential Mortgage Servicer;
- (c) comply with any proper orders and instructions which the Issuer may from time to time give to it in accordance with the provisions of the Servicing Agreement;
- (d) keep in force all approvals, authorisations, permissions, consents and licences required in order properly to service the Loans and their Related Security and to perform or comply with its obligations under the Servicing Agreement, and to prepare and submit all necessary applications and requests for any further approvals, authorisations, permissions, registrations, consents and licences required in connection with the performance of the Services under the Servicing Agreement and in particular any necessary notification under the Data Protection (Charges and Information) Regulations 2018;
- (e) not knowingly fail to comply with any applicable legal and regulatory requirements in the performance of the Services;
- (f) make all payments required to be made by it pursuant to the Servicing Agreement (as to which see further below) on the due date for payment in Sterling (or as otherwise required under the Transaction Documents) in immediately available funds for value on such day without any set-off (including in respect of any fees owed to it) except any deductions required by law (or as expressly permitted under the Servicing Agreement);
- (g) not without the prior written consent of the Security Trustee, amend or terminate any of the Transaction Documents save in accordance with their terms;
- (h) deliver to the Issuer, the Security Trustee, the Back-Up Servicer Facilitator and the Legal Title Holder as soon as reasonably practicable but in any event within five Business Days of becoming aware thereof a notice of any Servicer Termination Event or any event which, with the giving of notice or lapse of time or certification, would constitute the same; and

- (i) make any determinations required to be made by the Issuer under the Swap Agreement and notify the Cash Manager and the Swap Provider upon making such determinations.

#### *Ability to delegate to other companies in the CML Group*

The Servicer may delegate the performance of all or any of its powers and obligations under the Servicing Agreement to any other company within the CML Group, provided that any such delegate would be a person or persons whom the Servicer would be willing to appoint in respect of its own mortgages in connection with the performance by the Servicer of any of its obligations or functions or in connection with the exercise of its powers under the Servicing Agreement. Notwithstanding any delegation of the performance of its obligations in such a manner, the Servicer shall not thereby be released or discharged from any liability under the Servicing Agreement and shall remain responsible for the performance of all of the obligations of the Servicer under the Servicing Agreement, and the performance or non-performance or the manner of performance of any delegate of any of the Services shall not affect the Servicer's obligations under the Servicing Agreement and any breach in the performance of the Services by such delegate shall, subject to the Servicer being entitled for a period of 20 Business Days from receipt of any notice of the breach to remedy such breach by any delegate, be treated as a breach of the Servicing Agreement by the Servicer.

#### *Back-Up Servicer Facilitator*

The Issuer will appoint the Back-Up Servicer Facilitator in accordance with the Servicing Agreement. If the Servicer's appointment is terminated, the Back-Up Servicer Facilitator shall use best efforts to identify, on behalf of the Issuer, and assist the Issuer in the appointment of a suitable substitute servicer in accordance with the Servicing Agreement.

#### *Setting of Interest Rates on the Loans*

Subject to the terms of the Mortgage Sale Agreement, each of the Issuer and the Legal Title Holder grants the Servicer full right, liberty and authority from time to time, in accordance with the relevant Mortgage Conditions, to determine and set the Floating Mortgage Rates in relation to the Floating Rate Loans sold by the Seller to the Issuer which have not at the relevant date of determination been repurchased by the Seller or the Legal Title Holder, provided that the interest due on the Floating Rate Loans is set by reference to LIBOR or BBR as determined in accordance with the relevant Mortgage Conditions.

#### *Further Advances, Porting and Product Switches*

The Servicer will undertake with the Issuer and the Security Trustee that it will not offer to any Borrower nor will it agree to any request from any Borrower for a Further Advance, Port or Product Switch in relation to a Loan and its Related Security.

#### *Operation of Collection Accounts*

The Servicer will operate the Collection Accounts, opened in the name of the Legal Title Holder with the Collection Account Bank in accordance with the terms of the Servicing Agreement, the Collection Accounts Declaration of Trust and the Collection Account Agreement (as to which, see "*The Collection Accounts Declaration of Trust*" and "*The Collection Account Agreement*" below). Revenue Receipts and Redemption Receipts arising in relation to the Loans will be paid directly into the relevant Collection Accounts. The Servicer shall transfer to the Deposit Account all Collections received into the Non-DD Collection Account arising in respect of non-Direct Debit payments received from Borrowers within five Business Days of the identification of such amounts received into the Non-DD Collection Account.

### *Replacement of Collection Account Bank*

The Servicer shall monitor the Collection Account Bank for any Insolvency Event and confirms that in the event of the occurrence of an Insolvency Event of the Collection Account Bank, the Servicer shall, as directed by the Issuer and as agreed in writing by the Legal Title Holder, assist the Legal Title Holder in opening one or more replacement Collection Accounts in the name of the Legal Title Holder with a financial institution which: (i) has a rating of at least the Collection Account Bank Rating; (ii) is approved in writing by the Issuer and the Security Trustee; (iii) which is a "bank" as defined in Section 991 of the Income Tax Act 2007; and (iv) which is of a reputable standing, as soon as reasonably practicable and in any event within 30 calendar days.

If the rating of the Collection Account Bank falls below the Collection Account Bank Rating, the Servicer shall assist the Legal Title Holder (or any other entity which may then hold legal title to the Loans) and the Issuer to, and provided that there exists a financial institution having a rating of at least the Collection Account Bank Rating and which is a "bank" as defined in Section 991 of the Income Tax Act 2007, the Issuer and the Legal Title Holder (or any other entity which may then hold legal title to the Loans and their Related Security) shall, as soon as reasonably practicable (such time period to be not less than 35 calendar days) of such occurrence:

- (a) open a replacement collection account in the name of the Legal Title Holder with a financial institution (i) having a rating of at least the Collection Account Bank Rating, (ii) approved in writing by the Issuer and the Security Trustee and (iii) which is a "bank" as defined in Section 991 of the Income Tax Act 2007; or
- (b) obtain an unconditional and unlimited guarantee of the obligations of the Collection Account Bank from a financial institution having the Collection Account Bank Rating; or
- (c) take any other action as the Rating Agencies may agree will not result in a downgrade of the Notes,

and the Servicer shall assist the Legal Title Holder (or any other entity which may then hold legal title to the Loans) and the Issuer in respect of the foregoing.

In the event a replacement collection account is opened, the Servicer shall procure that (i) all Direct Debit mandates are transferred to such replacement collection account, (ii) all Monthly Instalments made by a Borrower under a payment arrangement other than the Direct Debiting Scheme are made to such replacement collection account from the date on which the replacement collection account is opened and (iii) all amounts standing to the credit of the Collection Accounts be transferred to the replacement collection account promptly after the replacement collection account is opened.

**"Direct Debiting Scheme"** means the system for the manual or automated debiting of bank accounts by Direct Debit operated in accordance with the principal rules of certain members of the Association for Payment Clearing Services.

### *Securitisation Regulation Reporting*

The Servicer, on behalf of the Issuer and CCFS, will:

- (a) publish the Investor Report and, following the relevant technical standards being prepared under the Securitisation Regulation coming into effect, the SR Investor Report on the European DataWarehouse website at <https://editor.eurodw.eu/home>;
- (b) prepare and publish (simultaneously with the reports referred to in paragraph (a) above) on a monthly basis certain loan-by-loan information in relation to the Portfolio in respect of the

relevant Collection Period as required by and in accordance with Article 7(1)(a) of the Securitisation Regulation (the "**Loan Level Information**") on the European DataWarehouse website at <https://editor.eurodw.eu/home>;

- (c) publish without delay the SR Inside Information and Significant Event Report on the European DataWarehouse website at <https://editor.eurodw.eu/home>; and
- (d) within 15 days of the issuance of the Notes, make available via the website of European DataWarehouse at <https://editor.eurodw.eu/home> copies of the Transaction Documents and this Prospectus.

Such reports and information shall be published by means of a securitisation repository or (where no securitisation repository is registered in accordance with Article 10 of the Securitisation Regulation) on the website of European DataWarehouse at <https://editor.eurodw.eu/home>, being a website which conforms with the requirements set out in Article 7(2) of the Securitisation Regulation and each such report shall be made available no later than one month following the Interest Payment Date following the Collection Period to which it relates. For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus.

The Servicer will make the information referred to in this section available to the holders of any of the Notes, relevant competent authorities and to potential investors in the Notes.

To the extent any technical standards prepared under the Securitisation Regulation come into effect after the date of this Prospectus and require such reports to be published in a different manner or on a different website, CCFS shall comply or shall procure compliance with the requirements of such technical standards when such reports are published. Following the date on which the technical standards prepared under the Securitisation Regulation come into effect, CCFS, the Issuer, the Servicer and the Cash Manager (if required) shall (i) consult in good faith regarding the reporting contemplated under Article 7 of the Securitisation Regulation and may agree in writing any changes to the form, content, method of distribution and frequency of the Investor Report, SR Investor Report, Loan Level Information and the SR Inside Information and Significant Event Report to ensure compliance with the requirements of Article 7 of the Securitisation Regulation. If any changes are agreed, the Issuer, the Servicer and the Cash Manager may enter into any amendment agreement to the Servicing Agreement and/or the Cash Management Agreement as the case may be.

#### *Cash Flow Model*

CCFS will procure that the Servicer will make available to the holders of the Notes a cash flow model, either directly or indirectly through one or more entities which provide such cash flow models to investors generally. CCFS shall procure that such Cash Flow Model precisely represents the contractual relationship between the Loans and the payments flowing between the Seller, investors in the Notes, other third parties and the Issuer. The Cash Flow Model shall be made available (via the website of Moody's Analytics (<https://boeportal.co.uk/GlobalPortal/Account/login.aspx>)) (i) prior to pricing of the Notes to potential investors and (ii) on an ongoing basis to investors in the Notes and potential investors upon request.

#### *Compensation of the Servicer*

The Servicer receives fees under the terms of the Servicing Agreement. In consideration for providing Services other than carrying out certain duties and obligations set out in the Servicing Agreement, the Issuer shall pay to the Servicer a fee (inclusive of VAT, if any) of up to an aggregate amount calculated on the basis of the number of days elapsed in each calendar month over a 365-day year (or over a 366-day year in a leap year) by applying a rate of 0.25 per cent. per annum on the

aggregate Current Balance of the Loans (excluding any Enforced Loans) on the Collection Period Start Date at the start of the immediately preceding Collection Period (the "**Base Fee**").

The Base Fee is payable monthly in arrear on each Interest Payment Date in the manner contemplated by and in accordance with the Pre-Enforcement Revenue Priority of Payments or, as the case may be, the Post-Enforcement Priority of Payments.

*Removal or Resignation of the Servicer*

Subject to the prior written consent of the Security Trustee, the Issuer may at once or at any time thereafter while such default continues, by notice in writing to the Servicer (with a copy to the Security Trustee and the Back-Up Servicer Facilitator), terminate the Servicer's appointment under the Servicing Agreement if any of the following events (each a "**Servicer Termination Event**") occurs and is continuing:

- (a) the Servicer defaults in the payment on the due date of any payment due and payable by it under the Servicing Agreement and such default continues unremedied for a period of 30 Business Days after: (i) where the failure to pay has arisen other than as a result of a Disruption Event, upon the earlier of the Servicer becoming aware of such default and the receipt by the Servicer of written notice from the Issuer or (after the delivery of an Enforcement Notice) the Security Trustee, as the case may be, requiring the same to be remedied; or (ii) where the failure to pay has arisen as a result of a Disruption Event, the cessation of the Disruption Event or, if earlier, 60 Business Days following the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer or (after the delivery of an Enforcement Notice) the Security Trustee (with a copy to the Back-Up Servicer Facilitator) requiring the same to be remedied;
- (b) the Servicer defaults in the performance or observance of any of its other covenants and obligations under the Servicing Agreement, which failure in the reasonable opinion of the Issuer (prior to the delivery of an Enforcement Notice) or the opinion of the Security Trustee (after the delivery of an Enforcement Notice) is materially prejudicial to the interests of the Noteholders, and the Servicer does not remedy that failure within 30 Business Days after the earlier of the Servicer becoming aware of the failure or of receipt by the Servicer of written notice from the Issuer, or (after the delivery of an Enforcement Notice) the Security Trustee (with a copy to the Back-Up Servicer Facilitator) requiring the Servicer's non-compliance to be remedied;
- (c) an Insolvency Event occurs in relation to the Servicer; or
- (d) it becomes unlawful in any applicable jurisdiction for the Servicer to perform any of its obligations as contemplated by the Servicing Agreement, provided that this does not result or arise from compliance by the Servicer with any instruction from the Issuer or the Security Trustee.

**"Disruption Event"** means either or both of:

- (a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for the payments to be made in connection with a Transaction Document (or otherwise in order for the transactions contemplated by the Transaction Documents to be carried out) which disruption is not caused by, and is beyond the control of, the relevant party seeking to rely on such disruption; or

- (b) the occurrence of any other event which results in the disruption (of a technical or systems related nature) to the treasury or payments operations of the party seeking to rely on such disruption which prevents that party, or any other party to the Transaction Documents, from:
  - (i) performing its payment obligations under the Transaction Documents; or
  - (ii) communicating with any other party to a Transaction Document in accordance with the terms of the relevant Transaction Documents.

#### *Voluntary Resignation*

The Servicer may voluntarily resign by giving not less than three months' written notice to the Security Trustee, the Issuer and the Back-Up Servicer Facilitator (or such shorter time as may be agreed between the Servicer, the Issuer, the Security Trustee and the Back-Up Servicer Facilitator), provided that: (i) a substitute servicer shall be appointed, such appointment to be effective not later than the date of such termination; (ii) such substitute servicer is qualified to act as such under the FSMA and has the requisite experience of servicing residential mortgage loans in the United Kingdom and is approved by the Issuer and the Security Trustee; (iii) such substitute servicer enters into a servicing agreement with the Issuer on terms commercially acceptable in the market, pursuant to which the substitute servicer agrees to assume and perform all the material duties and obligations of the Servicer under the Servicing Agreement; and (iv) (if Notes remain outstanding) the then current ratings of the Notes are not adversely affected as a result thereof, unless the Security Trustee or the Noteholders (the Noteholders acting by way of an Extraordinary Resolution) otherwise agree.

#### *Scheduled termination of the appointment of the Servicer*

The appointment of the Servicer, unless previously terminated in accordance with the terms of the Servicing Agreement, shall terminate with immediate effect on the date on which the Issuer has no further interest in any Loan or Related Security and all Secured Obligations have been irrevocably discharged in full.

#### *Delivery of documents and records*

If the appointment of the Servicer is terminated or the Servicer resigns, the Servicer must deliver to the Issuer or the Security Trustee (or as the Issuer or the Security Trustee shall direct in writing and, in the event of a conflict between directions from the Issuer and directions from the Security Trustee, the directions from the Security Trustee shall prevail), *inter alia*, the Title Deeds and Loan Files relating to the Loans and their Related Security in its possession.

Neither the Note Trustee nor the Security Trustee is obliged to act as servicer in any circumstances.

#### *Enforcement Procedures*

To the extent that any amount cannot be collected from any Borrower and the Servicer is unable to undertake its primary obligation to collect such amounts, the Loan will be passed to the special servicing team of the Servicer who will undertake debt collections activities in addition to the cash management activities outlined above. The Servicer will, in relation to any default by a Borrower under or in connection with a Loan, comply with the enforcement procedures or, to the extent that the enforcement procedures are not applicable having regard to the nature of the default in question, take such action as complies with the standard of a Reasonable, Prudent Residential Mortgage Servicer providing debt collection services in respect of such default, provided that:

- (a) the Servicer shall only become obliged to comply with the enforcement procedures (to the extent applicable) or to take action as aforesaid after it has become aware of the default; and

- (b) it is acknowledged by the Issuer that mortgage servicers generally exercise discretion in pursuing their respective enforcement procedures and that the Servicer may exercise such discretion as would be exercised by a Reasonable, Prudent Residential Mortgage Servicer in applying the enforcement procedures to any particular defaulting Borrower or taking action as referred to above or in enforcing any relevant guarantee but without prejudice to the other provisions of the Servicing Agreement in connection with the payment of money into the relevant Collection Account; and
- (c) the Servicer may exercise forbearance or take such other action in accordance with the practice of a Reasonable, Prudent Residential Mortgage Servicer in relation to the recovery of amounts from Borrower(s) and/or the relevant Property.

The policies of the Servicer in respect of delinquency and default of debtors, debt restructuring, debt forgiveness, forbearance, losses, collections, recoveries and other asset performance remedies as at the date of this Prospectus are scheduled to the Servicing Agreement.

#### *Issuer's Liability*

The Issuer shall fully and continually indemnify the Servicer against any losses, Liabilities, claims, expenses (including, without limitation, any amounts in respect of Irrecoverable VAT in relation thereto) or damages which the Servicer sustains or incurs in connection with the performance of the Services under the Servicing Agreement other than any losses, liabilities, claims, expenses (including, without limitation, any amounts in respect of Irrecoverable VAT in relation thereto) or damages incurred or sustained by the Servicer as a result of its fraud, wilful default or Gross Negligence.

#### *Limit to Servicer's Liability*

The Servicer's liability in contract, tort (including negligence or breach of statutory or regulatory duty) or otherwise in respect of the Servicing Agreement shall: (a) be limited to £1,500,000 (one million five hundred thousand Pounds) in aggregate for so long as the Servicer is appointed under the Servicing Agreement; and (b) not include any claim for any increased costs and expenses, loss of profit, business, contracts, revenues or anticipated savings or for any special indirect or consequential damage of any nature whatsoever.

However, the Servicer's limitation of liability pursuant to the Servicing Agreement shall not apply in respect of any liability arising as a result of the fraud, wilful default or Gross Negligence of the Servicer. In the Servicing Agreement, "**Gross Negligence**" means any act or omission of the Servicer which falls below the level of care and skill that could reasonably be expected of a prudent party, in circumstances where that act, conduct or omission (as applicable) also shows a deliberate and/or manifestly careless or reckless disregard of potential consequences of such act or omission on the interests of another party and could reasonably be expected to cause significant prejudice to the interests of that other party.

#### *Governing Law*

The Servicing Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

#### **Cross-collateral Mortgages and Cross-collateral Rights**

The conditions of certain of the Mortgages (each a "**Cross-collateral Mortgage**") provide, among other things, some rights (the "**Cross-collateral Rights**") which allow the relevant mortgagee or (in Scotland) heritable creditor of any such Cross-collateral Mortgage:

- (a) to declare immediately due and repayable each liability secured by that Cross-collateral Mortgage and to exercise the statutory power of sale under that Cross-collateral Mortgage if and when the mortgagee or heritable creditor of any other Cross-collateral Mortgage in the name of the same mortgagor is entitled to declare immediately due and repayable any liability secured by that other Cross-collateral Mortgage; and
- (b) to apply the proceeds of enforcement under the Cross-collateral Mortgages of the relevant mortgagor against all liabilities secured by the Cross-collateral Mortgages.

On or about the Closing Date, the Issuer will accede to the cross-collateral mortgage rights deed (the "**Cross-collateral Mortgages Rights Accession Deed**") originally dated 28 April 2017 between amongst others, CCFS and U.S. Bank Trustees Limited and as further amended, acceded to, restated and supplemented from time to time (the "**Cross-collateral Mortgage Rights Deed**") to regulate the respective rights between each person who as of the date of this Prospectus has or may have a beneficial interest in any Mortgage that is a Cross-collateral Mortgage that includes Cross-collateral Rights which may apply to one or more of the Mortgages.

The Cross-collateral Mortgage Rights Deed seeks to provide that each party thereto who is a beneficial owner of a Cross-collateral Mortgage (which, upon it becoming a party to the Cross-collateral Mortgage Rights Deed, will include the Issuer): (i) shall only have Cross-collateral Rights in respect of Cross-collateral Mortgages that it beneficially owns; (ii) waives all rights to exercise Cross-collateral Rights in respect of other Cross-collateral Mortgages which are not beneficially owned by it; (iii) waives all rights to take any action or proceedings against any other beneficial owner of Cross-collateral Mortgages to exercise the Cross-collateral Rights of that other beneficial owner; (iv) waives any rights to the proceeds of enforcement of Cross-collateral Mortgages not beneficially owned by it; and (v) agrees that if it enforces a Cross-collateral Mortgage in respect of which Cross-collateral Rights attach, the proceeds of such enforcement after deduction of all related costs and expenses shall be applied by or on behalf of it in respect of the Cross-collateral Mortgages beneficially owned by it firstly to repay all amounts owing by the mortgagee or heritable creditor under the enforced Cross-collateral Mortgage beneficially owned by it in accordance with the applicable Mortgage Conditions and, secondly, to the extent there are additional proceeds of enforcement, apply such proceeds in accordance with the approach of a Reasonable, Prudent Residential Mortgage Lender.

CCFS covenants that it will use its reasonable endeavours to prevent, and will not facilitate or otherwise permit, the enforcement of any Cross-collateral Rights by any other party to the Cross-collateral Mortgages Rights Deed (each a "**Cross-collateral Party**" in respect of any Mortgage (as defined in the Cross-collateral Mortgage Rights Deed) except in the circumstances and to the extent that such Cross-collateral Party is not prohibited by the provisions of the Cross-collateral Mortgage Rights Accession Deed from exercising Cross-collateral Rights in respect of that Mortgage.

## **Deed of Charge**

On the Closing Date, the Issuer will enter into the Deed of Charge with, *inter alios*, the Security Trustee.

### *Security*

Under the terms of the Deed of Charge, the Issuer will provide the Security Trustee with the benefit of, *inter alia*, the following security (the "**Security**") as trustee for itself and for the benefit of the Secured Creditors (including the Noteholders and the Certificateholders):

- (a) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge over) the Issuer's rights, title, interest and benefit in, to and under the



Transaction Documents (other than the Trust Deed, the Deed of Charge, the Scottish Supplemental Charge and the Scottish Declaration of Trust) and any sums derived therefrom (provided that the assignment by way of security of the Issuer's rights under the Swap Agreement shall be subject to any rights of set-off or netting provided for thereunder);

- (b) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge over) the Issuer's interest in the English Loans and their Related Security and other related rights comprised in the Portfolio (other than in respect of Scottish Loans) and any sums derived therefrom;
- (c) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge over) the Issuer's rights, title, interest and benefit in, to and under Insurance Policies assigned to the Issuer pursuant to the Mortgage Sale Agreement;
- (d) an assignment in security of the Issuer's interest in the Scottish Loans and their Related Security (comprising the Issuer's beneficial interest under the trust declared by the Legal Title Holder over such Scottish Loans and their Related Security for the benefit of the Issuer pursuant to the Scottish Declaration of Trust) (the "**Scottish Supplemental Charge**");
- (e) a charge by way of first fixed charge over the Issuer's interest in its bank and/or securities accounts (including the Deposit Account and the Swap Collateral Account) maintained with the Issuer Account Bank and any other bank or custodian and any sums or securities standing to the credit thereof;
- (f) a charge by way of first fixed charge over the Issuer's interest in all Authorised Investments permitted to be made by the Issuer or the Cash Manager (acting on the instructions of the Servicer) on its behalf;
- (g) an assignment by way of first fixed security (and, to the extent not assigned, a charge by way of first fixed charge over) (but subject to the right of reassignment) the benefit of the Issuer's rights, title, interest and benefit under the Non-DD Collection Account Trust (created pursuant to the Non-DD Collection Account Declaration of Trust together with the Non-DD Collection Account Accession Undertaking) the Collection Accounts Trust (created pursuant to the Collection Accounts Declaration of Trust); and
- (h) a floating charge over all assets of the Issuer not otherwise subject to the charges referred to above or otherwise effectively assigned by way of security (other than item (d) above), including over all of the Issuer's property, assets, rights and revenues as are situated in Scotland or governed by Scots law (whether or not such assets are the subject of the charges referred to above).

**"Authorised Investments"** means:

- (a) Sterling gilt-edged securities;
- (b) money market funds;
- (c) Sterling demand or time deposits and certificates of deposit; and
- (d) short-term debt obligations (including commercial paper),

provided that in all cases such investments will only be made such that there is no withholding or deduction for or on account of taxes applicable thereto and such investments: (i) (aa) have a maturity date of 90 days or less and mature on or before the next following Interest Payment Date or within 90

days, whichever is sooner, and are rated at least F1+ (short term) and/or AA- (long term) by Fitch and at least P-1 (short term) and A1 (long term) by Moody's (or, as applicable, AAAMmf by Fitch and Aaa –mf by Moody's, in respect of money market funds) or (bb) have a maturity date of 30 days or less and mature on or before the next Interest Payment Date or within 30 days, whichever is the sooner, and are rated at least F1 (short term) and A (long term) by Fitch and at least P-1 (short term) and A2 (long term) by Moody's (or, as applicable, AAAMmf by Fitch and Aaa –mf by Moody's, in respect of money market funds and (ii) may be broken or demanded by the Issuer (at no cost to the Issuer) on or before the next following Interest Payment Date or within 30 to 90 days, whichever is sooner, as specified in (i) above, save that where such investments would result in the recharacterisation of the programme, the Notes or any transaction under the Transaction Documents as a "re-securitisation" or a "synthetic securitisation" as defined in Articles 4(63) and 242(11), respectively, of Regulation (EU) No 575/2013 (as amended and/or supplemented from time to time), such investments shall not qualify as authorised investments.

**"Secured Creditors"** means the Security Trustee, any Receiver appointed by the Security Trustee pursuant to the Deed of Charge, the Note Trustee, the Noteholders, the Certificateholders, the Seller, the Legal Title Holder, the Servicer, the Back-Up Servicer Facilitator, the Cash Manager, the Swap Provider, the Issuer Account Bank, the Corporate Services Provider, the Paying Agents, the Registrar, the Agent Bank, the Collection Account Bank and any other person who is expressed in any deed supplemental to the Deed of Charge to be a secured creditor.

**"Transaction Documents"** means the Servicing Agreement, the Agency Agreement, the Bank Account Agreement, the Non-DD Collection Account Declaration of Trust, the Non-DD Collection Account Accession Undertaking, the Collection Account Agreement, the Collection Accounts Declaration of Trust, the Cash Management Agreement, the Corporate Services Agreement, the Deed Poll, the Deed of Charge, the Scottish Supplemental Charge, the Swap Agreement, a share trust deed dated 12 November 2019 (the **"Share Trust Deed"**), the power of attorney granted by the Issuer in favour of the Security Trustee under the Deed of Charge (the **"Issuer Power of Attorney"**), a master definitions and construction schedule made between, among others, the Issuer, the Seller and the Security Trustee (the **"Master Definitions and Construction Schedule"**), the Mortgage Sale Agreement, the Scottish Declaration of Trust, the power of attorney granted by the Legal Title Holder in favour of the Issuer and the Security Trustee on the Closing Date (the **"Legal Title Holder Power of Attorney"**), the Cross-collateral Mortgage Rights Deed, the Cross-collateral Mortgage Rights Deed Accession Deed, the Trust Deed and such other related documents which are referred to in the terms of the above documents or which relate to the issue of the Notes and/or the Residual Certificates.

The floating charge created by the Deed of Charge may "crystallise" and become a fixed charge over the relevant class of assets owned by the Issuer at the time of crystallisation. Crystallisation will occur automatically (subject to applicable law) following the occurrence of specific events set out in the Deed of Charge, including, among other events, service of an Enforcement Notice, except in relation to the Issuer's Scottish assets, where crystallisation will occur on the appointment of an administrative receiver or receiver or upon commencement of the winding up of the Issuer. A crystallised floating charge will rank ahead of the claims of unsecured creditors which are in excess of the prescribed part but will rank behind the expenses of any administration or liquidator, the claims of preferential creditors and the beneficiaries of the prescribed part on enforcement of the Security.

#### *Pre-Enforcement Revenue Priority of Payments and Pre-Enforcement Redemption Priority of Payments*

Prior to the Note Trustee serving an Enforcement Notice on the Issuer pursuant to Condition 11 (*Events of Default*) of the Notes or Residual Certificates Condition 10 (*Events of Default*), declaring the Notes to be immediately due and payable or any RC1 Payments or RC2 Payments pursuant to the Residual Certificates to be immediately due and payable, as the case may be, the Cash Manager (on

behalf of the Issuer) shall apply monies standing to the credit of the Deposit Account as described in "*Cashflows – Application of Available Revenue Receipts prior to the service of an Enforcement Notice on the Issuer*", "*Cashflows – Application of Available Redemption Receipts prior to the service of an Enforcement Notice on the Issuer*" below and "*Cashflows – Application of Monies released from the General Reserve Fund*" and apply monies standing to the credit of the Swap Collateral Account as described in "*Cashflows – Disclosure of modifications to the Priority of Payments*".

#### *Post-Enforcement Priority of Payments*

After the Note Trustee has served an Enforcement Notice on the Issuer pursuant to Condition 11 (*Events of Default*) of the Notes, declaring the Notes to be immediately due and payable or if no Notes remain outstanding, pursuant to Residual Certificates Condition 10 (*Events of Default*) declaring that any RC1 Payments or RC2 Payments pursuant to the Residual Certificates are immediately due and payable, the Security Trustee (or the Cash Manager on its behalf) or any Receiver appointed by it shall apply the monies standing to the credit of the Deposit Account in accordance with the Post-Enforcement Priority of Payments defined in "*Cashflows – Distributions following the service of an Enforcement Notice on the Issuer*" below and apply the monies standing to the credit of the Swap Collateral Account in accordance with the Swap Collateral Account Priority of Payments defined in "*Cashflows – Disclosure of modifications to the Priority of Payments*" below.

The Security will become enforceable after an Enforcement Notice has been served on the Issuer pursuant to Condition 11 (*Events of Default*) of the Notes or if no Notes remain outstanding, pursuant to Residual Certificates Condition 10 (*Events of Default*) declaring that any RC1 Payments or RC2 Payments pursuant to the Residual Certificates are immediately due and payable provided that, if the Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes and/or the Residual Certificates, the Security Trustee will not be entitled to dispose of the assets comprised in the Security or any part thereof unless either a sufficient amount would be realised to allow discharge in full on a *pro rata* and *pari passu* basis of all amounts owing to the Noteholders (and all persons ranking in priority to the Noteholders as set out in the Post-Enforcement Priority of Payments) or the Security Trustee is of the opinion that the cash flow expected to be received by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing: (i) to the Noteholders (and all persons ranking in priority to the Noteholders in the order of priority set out in the Post-Enforcement Priority of Payments); and (ii) once all the Noteholders (and all such prior ranking persons) have been repaid, to the remaining Secured Creditors (other than the Certificateholders) in the order of priority set out in the Post-Enforcement Priority of Payments; and (iii) once all the Noteholders and the Secured Creditors (other than the Certificateholders) have been repaid, to the Certificateholders, which opinion shall be binding on the Secured Creditors and reached after considering at any time and from time to time the advice of any financial adviser (or such other professional adviser selected by the Security Trustee for the purpose of giving such advice).

The fees and expenses of the aforementioned financial adviser or other professional adviser selected by the Security Trustee shall be paid by the Issuer in accordance with the applicable Priority of Payments. The Security Trustee shall be entitled to rely upon any financial or other professional advice referred to above without further enquiry and shall incur no liability to any person for so doing.

For purposes of Article 21(4)(d) of the Securitisation Regulation, no provision of the Deed of Charge requires automatic liquidation upon default of the Issuer.

#### *Governing Law*

The Deed of Charge and any non-contractual obligations arising out of or in connection with it will be governed by English law and aspects relating to Scottish Loans and their Related Security (including each Scottish Supplemental Charge entered into pursuant thereto) will be governed by Scots law.

#### **Trust Deed**

On or about the Closing Date, the Issuer, the Security Trustee and the Note Trustee will enter into the Trust Deed pursuant to which the Issuer and the Note Trustee will agree that the Notes and the Residual Certificates are subject to the provisions in the Trust Deed. The Conditions and the Residual Certificates Conditions and the forms of each class of Notes and the Residual Certificates are each constituted by, and set out in, the Trust Deed.

The Note Trustee will agree to hold the benefit of the Issuer's covenant to pay amounts due in respect of the Notes and the Residual Certificates on trust for the Noteholders and the Certificateholders.

In accordance with the terms of the Trust Deed, the Issuer will pay a fee to the Note Trustee for its services under the Trust Deed at the rate and times agreed between the Issuer and the Note Trustee (exclusive of VAT) together with payment of any liabilities incurred by the Note Trustee in relation to the Note Trustee's performance of its obligations under or in connection with the Trust Deed and the other Transaction Documents.

#### *Retirement of Note Trustee*

The Note Trustee may retire at any time upon giving not less than 60 days' notice in writing to the Issuer without giving any reason therefor and without being responsible for any liabilities occasioned by such retirement. The holders of the Most Senior Class or (in the case of the Residual Certificates) in issue may, by Extraordinary Resolution, remove all trustees (but not some only) for the time being who are acting pursuant to the Trust Deed and the Deed of Charge. The retirement of the Note Trustee shall not become effective unless there remains a trust corporation entitled by rules made under the Public Trustee Act 1906 to carry out the functions of a custodian trustee (a "**Trust Corporation**") in office after such retirement or removal by Extraordinary Resolution. The Issuer will agree in the Trust Deed that, in the event of the sole trustee or the only trustee under the Trust Deed giving notice of its retirement, it shall use its best endeavours to procure a new trustee to be appointed as soon as practicable thereafter and if, after 60 days from the date the Note Trustee gives its notice of retirement or the applicable Extraordinary Resolution of the holders of the Most Senior Class, the Issuer is not able to find such replacement, the Note Trustee will be entitled to procure that a new trustee be appointed but no such appointment shall take effect unless previously approved by Extraordinary Resolution of the holders of the Most Senior Class.

#### *Governing Law*

The Trust Deed and any non-contractual obligations arising out of or in connection with it will be governed by English law.

#### **Agency Agreement**

Pursuant to an agency agreement (the "**Agency Agreement**") dated on or prior to the Closing Date and made between the Issuer, the Note Trustee and the Security Trustee, the Principal Paying Agent,

the Registrar and the Agent Bank, provision is made for, *inter alia*, the payment of principal and interest in respect of the Notes.

#### *Governing Law*

The Agency Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

#### **Cash Management Agreement**

On the Closing Date, the Cash Manager, the Issuer, the Seller, the Servicer, the Swap Provider and the Security Trustee will enter into a cash management agreement (the "**Cash Management Agreement**").

#### *Cash Management Services to be provided to the Issuer*

Pursuant to the Cash Management Agreement, the Cash Manager will agree to provide certain cash management and other services to the Issuer or, upon the Security Trustee notifying the Cash Manager that an Enforcement Notice has been served on the Issuer, the Security Trustee. The Cash Manager's principal function will be effecting payments to and from the Deposit Account. In addition, the Cash Manager will, among other things:

- (a) on each Interest Payment Date prior to the delivery of an Enforcement Notice, apply, or cause to be applied, Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments, Available Redemption Receipts in accordance with the Pre-Enforcement Redemption Priority of Payments, any Class A and Class B Liquidity Reserve Fund Release Amount to meet any Class A and Class B Liquidity Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order that they appear in the Pre-Enforcement Revenue Priority of Payments and any General Reserve Fund Release Amount to meet any Revenue Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order that they appear in the Pre-Enforcement Revenue Priority of Payments;
- (b) on each Calculation Date determine if there would be a Class A and Class B Liquidity Deficit following the application of Available Revenue Receipts on the immediately following Interest Payment Date;
- (c) on each Calculation Date determine if there would be a Revenue Deficit following the application of Available Revenue Receipts and any Class A and Class B Liquidity Reserve Fund Release Amounts on the immediately following Interest Payment Date;
- (d) on each Calculation Date determine if there would be a Senior Expenses Deficit following the application of Available Revenue Receipts, any Class A and Class B Liquidity Reserve Fund Release Amounts and any General Reserve Fund Release Amounts on the immediately following Interest Payment Date;
- (e) on each Calculation Date, determine whether the immediately following Interest Payment Date is the Final Redemption Date and/or the Class B Redemption Date;
- (f) record credits to, and debits from, the Ledgers, as and when required; and
- (g) if required (i) during the Determination Period, calculate the Interest Determination Ratio, the Calculated Revenue Receipts and the Calculated Redemption Receipts; and (ii) following any Determination Period, upon receipt by the Cash Manager of the Servicer Reports in respect of

such Determination Period, reconcile the calculations to the actual collections set out in the Servicer Reports by allocating the Reconciliation Amounts in accordance with Condition 6.8(c) (*Determinations and Reconciliation*), Residual Certificates Condition 6.6 (*Termination of Payments*) and the Cash Management Agreement;

In addition, the Cash Manager will also:

- (a) maintain the following ledgers (the "**Ledgers**") on behalf of the Issuer:
  - (i) the "**Redemption Ledger**", which will record all Redemption Receipts received by the Issuer and the distribution of the Redemption Receipts in accordance with the Pre-Enforcement Redemption Priority of Payments or the Post-Enforcement Priority of Payments (as applicable);
  - (ii) the "**Revenue Ledger**", which will record all Revenue Receipts, any Swap Collateral Account Surplus, amounts credited to the Deposit Account in accordance with item (v) of the Pre-Enforcement Revenue Priority of Payments and the distribution of the Revenue Receipts and the distribution of any other relevant amounts recorded on the Revenue Ledger in accordance with the Pre-Enforcement Revenue Priority of Payments or the Post-Enforcement Priority of Payments (as applicable) or by way of Third Party Amounts;
  - (iii) the "**General Reserve Fund Ledger**", which will record amounts credited to, and debited from, the General Reserve Fund (the "**General Reserve Fund**"). The General Reserve Fund will be funded from part of the proceeds of the Class X Notes in an amount equal to the General Reserve Fund Required Amount on the Closing Date and on each Interest Payment Date up to and including the Final Redemption Date from amounts to be applied to the General Reserve Fund in accordance with the Pre-Enforcement Revenue Priority of Payments. On each Interest Payment Date up to and including the Final Redemption Date (prior to service of an Enforcement Notice), the Cash Manager will, *first*, debit (i) an amount equal to the General Reserve Fund Excess Amount from the General Reserve Fund Ledger to be applied as Available Revenue Receipts; and (ii) an amount equal to the General Reserve Fund Release Amount (if any) from the General Reserve Fund Ledger to be applied in meeting any Revenue Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order in which they appear in the Pre-Enforcement Revenue Priority of Payments and, *second*, following any such adjustments to the General Reserve Fund Ledger, apply (on behalf of the Issuer) the Available Revenue Receipts pursuant to the Pre-Enforcement Revenue Priority of Payments and credit to the General Reserve Fund Ledger the amount of Available Revenue Receipts applied on such Interest Payment Date to replenish the General Reserve Fund up to the General Reserve Fund Required Amount pursuant to item (q) of the Pre-Enforcement Revenue Priority of Payments.

On the Final Redemption Date only, all amounts standing to the credit of the General Reserve Fund Ledger (after first having applied any Class A and Class B Liquidity Reserve Fund Release Amounts in meeting any Class A and Class B Liquidity Deficit and then any General Reserve Fund Release Amount to meet any Revenue Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order they appear in the Pre-Enforcement Revenue Priority of Payments, and debiting such amounts from the Class A and Class B Liquidity Reserve Fund Ledger and/or the General Reserve Fund Ledger in accordance with the Pre-Enforcement Revenue Priority of Payments, in each case on such Final Redemption Date) will be applied as Available Redemption Receipts in accordance

with the Pre-Enforcement Redemption Priority of Payments (see "*Credit Structure – General Reserve Fund and General Reserve Fund Ledger*" below);

- (iv) the "**Principal Deficiency Ledger**", which will record on the appropriate sub-ledger as a debit deficiencies arising from Losses on the Portfolio (on the date the Cash Manager is informed of such Losses by the Servicer) and Principal Addition Amounts (on the Calculation Date on which such Principal Addition Amounts are determined by the Cash Manager) and record as a credit Available Revenue Receipts applied as Available Redemption Receipts (including any amounts in respect of Enhanced Amortisation Amounts) pursuant to the Pre-Enforcement Revenue Priority of Payments (if any) on each Interest Payment Date (see "*Credit Structure – Principal Deficiency Ledger*" below);
- (v) the "**Class A and Class B Liquidity Reserve Fund Ledger**", which will record amounts credited to, and debited from, the Class A and Class B liquidity reserve fund (the "**Class A and Class B Liquidity Reserve Fund**"). The Class A and Class B Liquidity Reserve Fund will be funded from part of the proceeds of the Class X Notes in an amount equal to the Class A and Class B Liquidity Reserve Fund Required Amount on the Closing Date and on each Interest Payment Date up to and including the Class B Redemption Date from amounts to be applied to the Class A and Class B Liquidity Reserve Fund in accordance with the Pre-Enforcement Revenue Priority of Payments. On each Interest Payment Date up to and including the Class B Redemption Date (prior to service of an Enforcement Notice), the Cash Manager will, *first*, debit (i) an amount equal to the Class A and Class B Liquidity Reserve Fund Excess Amount from the Class A and Class B Liquidity Reserve Fund Ledger to be applied as Available Revenue Receipts; and (ii) an amount equal to the Class A and Class B Liquidity Reserve Fund Release Amount (if any) from the Class A and Class B Liquidity Reserve Fund Ledger to be applied in meeting any Class A and Class B Liquidity Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order in which they appear in the Pre-Enforcement Revenue Priority of Payments and, *second*, following any such adjustments to the Class A and Class B Liquidity Reserve Fund Ledger, apply (on behalf of the Issuer) the Available Revenue Receipts pursuant to the Pre-Enforcement Revenue Priority of Payments and credit to the Class A and Class B Liquidity Reserve Fund Ledger the amount of Available Revenue Receipts applied on such Interest Payment Date to replenish the Class A and Class B Liquidity Reserve Fund up to the Class A and Class B Liquidity Reserve Fund Required Amount pursuant to item (i) of the Pre-Enforcement Revenue Priority of Payments.

On the Class B Redemption Date only, all amounts standing to the credit of the Class A and Class B Liquidity Reserve Fund Ledger (after first having applied any Class A and Class B Liquidity Reserve Fund Release Amount in meeting any Class A and Class B Liquidity Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order they appear in the Pre-Enforcement Revenue Priority of Payments and debiting such amount from the Class A and Class B Liquidity Reserve Fund Ledger) will be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments (see "*Credit Structure – Class A and Class B Liquidity Reserve Fund and Class A and Class B Liquidity Reserve Fund Ledger*" below);

- (vi) the "**Issuer Profit Ledger**", which shall record as a credit any amounts retained by the Issuer as profit in accordance with the Pre-Enforcement Revenue Priority of Payments and the Post-Enforcement Priority of Payments and as a debit any amount used to discharge any tax liability of the Issuer; and

- (vii) the "**Swap Collateral Ledger**", which shall record as a credit (A) any Swap Collateral received from the Swap Provider, (B) any Replacement Swap Premium received by the Issuer from a replacement swap provider, (C) any termination payment received by the Issuer from an outgoing Swap Provider, and (D) Swap Tax Credits. Amounts and securities standing to the credit of each Swap Collateral Account (including interest, distributions and redemption or sale proceeds thereon or thereof) and recorded on the Swap Collateral Ledger will be applied by the Cash Manager in accordance with the Swap Collateral Account Priority of Payments;
- (b) calculate on each Calculation Date (prior to service of an Enforcement Notice) the amount of Available Revenue Receipts and Available Redemption Receipts to be applied on the immediately following Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments or the Pre-Enforcement Redemption Priority of Payments (as applicable);
- (c) calculate on each Calculation Date up to and including the Calculation Date immediately preceding the Class B Redemption Date (prior to the service of an Enforcement Notice) the amount of any Class A and Class B Liquidity Reserve Fund Release Amount to be applied on the immediately following Interest Payment Date (such amount to be determined after calculation of the Available Revenue Receipts to be applied on such Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments on such Interest Payment Date (including any Class A and Class B Liquidity Reserve Fund Excess Amount to be applied as Available Revenue Receipts on such Interest Payment Date));
- (d) calculate on each Calculation Date up to and including the Calculation Date immediately preceding the Final Redemption Date (prior to the service of an Enforcement Notice) the amount of any General Reserve Fund Release Amount to be applied on the immediately following Interest Payment Date (such amount to be determined after calculation of any Class A and Class B Liquidity Reserve Fund Release Amounts to be applied to meet any Class A and Class B Liquidity Deficit and the Available Revenue Receipts to be applied on such Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments on such Interest Payment Date (including any General Reserve Fund Excess Amount to be applied as Available Revenue Receipts on such Interest Payment Date));
- (e) calculate on each Calculation Date up to and including the Calculation Date immediately preceding the Final Redemption Date (prior to the service of an Enforcement Notice) the amount of any Principal Addition Amounts to be applied on the immediately following Interest Payment Date (such amount to be determined after calculation of any Class A and Class B Liquidity Reserve Fund Release Amounts to be applied to meet any Class A and Class B Liquidity Deficit, any General Reserve Fund Release Amounts to be applied to meet any Revenue Deficit and the Available Revenue Receipts to be applied on such Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments on such Interest Payment Date) and drawn from Available Redemption Receipts on such Interest Payment Date;
- (f) provide the Servicer with the Investor Report on each month in respect of the relevant Collection Period provided that the Cash Manager shall (assuming delivery by the Servicer of the Servicer Report by no later than the sixth Business Day of that month) provide the Investor Report by no later than one Business Day following each relevant Calculation Date. The Investor Report shall (a) as required by and in accordance with Articles 7(1)(e) and 43(8) of the Securitisation Regulation, from the Closing Date and prior to the relevant technical standards being prepared under the Securitisation Regulation coming into effect, contain at least the information set out in Annex VIII of the Delegated Regulation (EU) No 2015/3; and (b) following the relevant technical standards being prepared under the Securitisation



Regulation coming into effect, be in such format as agreed between the Issuer, the Servicer and the Cash Manager. The Cash Manager will also publish any Investor Report on the website at [pivot.usbank.com](http://pivot.usbank.com); and

- (g) as soon as reasonably practicable upon receiving a request from the Issuer and/or the Security Trustee and provided that it has all information necessary to enable it to do so, calculate and provide to the Issuer and the Security Trustee:
  - (i) the Optional Purchase Price (or where such calculation is made prior to the Calculation Date immediately preceding the Optional Purchase Completion Date, an estimate of the Optional Purchase Price); and/or
  - (ii) (where the initial calculation is made prior to the Calculation Date immediately preceding the Optional Purchase Completion Date) the definitive Optional Purchase Price.

At the direction of the Servicer or (following the service of an Enforcement Notice) the Security Trustee, the Cash Manager, acting as the agent of the Issuer, may invest monies standing from time to time to the credit of the Deposit Account in Authorised Investments as determined by the Servicer, subject to the following provisions:

- (a) any investment in any Authorised Investments shall be made in the name of the Issuer;
- (b) any costs properly and reasonably incurred in making, changing or otherwise disposing of any investment in any Authorised Investments will be reimbursed to the Cash Manager by the Issuer; and
- (c) all income and other distributions arising on, or proceeds following the disposal or maturity of, Authorised Investments shall be credited to the Deposit Account.

The Cash Manager shall not be responsible (save where any loss results from the Cash Manager's own fraud, wilful default or gross negligence or that of its directors, officers or employees) for any loss occasioned by reason of any such investment in any Authorised Investments or any purported investment in any Authorised Investments whether by depreciation in value or otherwise, provided that any such investment in any Authorised Investments was made in accordance with the terms of the Cash Management Agreement.

#### *Cash Manager and Directions from the Security Trustee*

The Cash Manager will act upon the direction of the Security Trustee (given in accordance with the terms and provisions of the Deed of Charge) upon the Security Trustee notifying the Cash Manager that an Enforcement Notice has been served on the Issuer.

#### *Securitisation Regulation Reporting*

In addition to preparing the Investor Reports as detailed above, the Cash Manager, acting as agent of the Issuer, will:

- (a) following the relevant technical standards being prepared under the Securitisation Regulation coming into effect, with the assistance of the Servicer, prepare a monthly investor report in respect of the relevant Collection Period, as required by and in accordance with Article 7(1)(e) of the Securitisation Regulation and make available such report to the Servicer (the "**SR Investor Report**"); and

- (b) on receipt from the Issuer (or the Servicer on its behalf) or the Seller of the applicable information in the form agreed between the Issuer, the Seller and the Cash Manager, the Cash Manager will prepare Annex XIV Inside Information or Significant Event Information required to be reported pursuant to Article 7(1)(f) or 7(1)(g) (as applicable) of the Securitisation Regulation and make available such information to the Servicer (the "**SR Inside Information and Significant Event Report**") as soon as practicable. Such information will also be made available by the Seller, on request, to potential holders of the Notes.

The Cash Manager will publish any SR Investor Report and any SR Inside Information and Significant Event Report on the website at [pivot.usbank.com](http://pivot.usbank.com).

Without prejudice to its obligations under the Cash Management Agreement, the Cash Manager has no liability or responsibility for any breaches under the Securitisation Regulation, the responsibility for which lies solely with the Issuer, the Originator and the Seller.

#### *Remuneration of Cash Manager*

The Cash Manager will be paid a cash management fee for its cash management services under the Cash Management Agreement. Such fees will be determined under a separate fee letter between the Issuer and the Cash Manager. Any sum (or other consideration) payable (or provided) by the Issuer to the Cash Manager in respect of that fee shall be deemed to be exclusive of VAT, if any, chargeable on any supply for which the cash management fee is the consideration (in whole or in part) for VAT purposes. The cash management fee is payable monthly in arrear on each Interest Payment Date in the manner contemplated by and in accordance with the provisions of the Pre-Enforcement Revenue Priority of Payments or, as the case may be, the Post-Enforcement Priority of Payments.

#### *Termination of Appointment and Replacement of Cash Manager*

If any of the following events (the "**Cash Manager Termination Events**") shall occur:

- (a) default is made by the Cash Manager in the payment, on the due date, of any payment due and payable by it under the Cash Management Agreement and such default continues unremedied for a period of three Business Days after the earlier of the Cash Manager becoming aware of such default and receipt by the Cash Manager of written notice from the Issuer or (following the service of an Enforcement Notice) the Security Trustee, as the case may be, requiring the same to be remedied; or
- (b) default is made by the Cash Manager in the performance or observance of any of its other covenants and obligations under the Cash Management Agreement, which in the opinion of the Note Trustee as notified to the Security Trustee is materially prejudicial to the interests of the Noteholders, and such default continues unremedied for a period of 30 Business Days after the earlier of the Cash Manager becoming aware of such default and receipt by the Cash Manager of written notice from the Issuer or (following the service of an Enforcement Notice) the Security Trustee, as the case may be, requiring the same to be remedied; or
- (c) an Insolvency Event occurs in respect of the Cash Manager; or
- (d) it becomes unlawful for the Cash Manager to perform its obligations under the Cash Management Agreement or under any other Transaction Document,

then prior to the delivery of an Enforcement Notice, the Issuer (with the written consent of the Security Trustee), or following the delivery of an Enforcement Notice, the Security Trustee, may, at once or at any time thereafter while such default continues, by notice in writing to the Cash Manager

(with a copy to the Security Trustee if such notice is delivered by the Issuer), terminate its appointment as Cash Manager under the Cash Management Agreement with effect from a date (not earlier than the date of the notice) specified in such notice. In determining whether to give or withhold consent to the termination of the Cash Manager by the Issuer, the Security Trustee will have regard to factors including, *inter alia*, the availability of a substitute cash manager. Upon termination of the appointment of the Cash Manager, the Issuer shall use reasonable endeavours to appoint a substitute cash manager that satisfies the conditions set out below.

Any substitute cash manager:

- (a) must agree to enter into an agreement with the Issuer on terms commercially acceptable in the market, pursuant to which the substitute cash manager agrees to assume and perform all material duties and obligations of the Cash Manager under the Cash Management Agreement;
- (b) must be a party that the Rating Agencies have previously confirmed by whatever means such Rating Agencies consider appropriate (provided that the Issuer is permitted to and does confirm in writing (including by email) to the Security Trustee that such confirmation has been obtained) the appointment of which will not cause the then current ratings of the Notes to be adversely affected; and
- (c) will be subject to the prior written approval of the Security Trustee.

For the avoidance of doubt, upon termination of the appointment of the Cash Manager, if the Issuer is unable to find a suitable third party willing to act as a substitute cash manager, this shall not constitute any breach of the provisions of the Cash Management Agreement.

#### *Resignation of the Cash Manager*

The Cash Manager may resign on giving not less than 45 days' written notice (or such shorter time as may be agreed between the Cash Manager, the Issuer, the Servicer and the Security Trustee) of its resignation to the Issuer, the Servicer, the Seller and the Security Trustee, provided that:

- (a) a substitute cash manager shall be appointed, such appointment to be effective not later than the date of such termination;
- (b) such substitute cash manager has the requisite cash management experience to perform the functions to be given to it under the Cash Management Agreement and is approved by the Issuer and the Security Trustee;
- (c) such substitute cash manager enters into a cash management agreement with the Issuer on terms commercially acceptable in the market, pursuant to which the substitute cash manager agrees to assume and perform all material duties and obligations of the Cash Manager under the Cash Management Agreement; and
- (d) (if Notes remain outstanding) the then current ratings of the Notes are not adversely affected as a result thereof, unless the Security Trustee or the relevant Class or Classes of Noteholders (acting by way of an Extraordinary Resolution) otherwise agree.

#### *Governing Law*

The Cash Management Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

## **The Bank Account Agreement**

Pursuant to the terms of a bank account agreement entered into on or about the Closing Date between the Issuer, the Issuer Account Bank, the Cash Manager and the Security Trustee (the "**Bank Account Agreement**"), the Issuer will maintain with the Issuer Account Bank the Deposit Account and the Swap Collateral Account which will be operated in accordance with the Bank Account Agreement, Cash Management Agreement, the Deed of Charge and, in relation to the Swap Collateral Account, the Swap Agreement. The Issuer Account Bank is required to have the Account Bank Rating.

### *Interest*

If any amount is standing to the credit of an Issuer Account (other than the Deposit Account), such amount will bear interest at a rate and as agreed from time to time in writing between the Issuer and the Issuer Account Bank.

### *Termination of Issuer Account Bank*

The Issuer may (with the prior written consent of the Security Trustee) terminate the Bank Account Agreement and close the Issuer Accounts in the event that the matters below occur, in each case by serving a written notice of termination on the Issuer Account Bank (with a copy to, as applicable, the Cash Manager, the Issuer and the Security Trustee) (such termination to be effective on the third Business Day following service of such notice subject as provided below) in any of the following circumstances:

- (i) default by the Issuer Account Bank in the performance of its obligations under the Bank Account Agreement which continues unremedied for a period of 20 Business Days after receiving notice or becoming aware of such default; or
- (ii) if the Issuer Account Bank materially breaches its obligations under the Bank Account Agreement, the Deed of Charge or any other Transaction Document to which the Issuer Account Bank is a party provided the Issuer acting reasonably and following receipt of a Rating Agency Confirmation from each Rating Agency determines that termination of this Agreement following such breach would not adversely affect the then applicable ratings of the Notes.

The Issuer shall (with the prior written consent of the Security Trustee) terminate this Agreement and close the Issuer Accounts in the event that the matters specified below, among others, occur, in each case by serving a written notice of termination on the Issuer Account Bank (with a copy to, as applicable, the Cash Manager, the Issuer and the Security Trustee) (such termination to be effective on the third Business Day following service of such notice subject as provided below) in any of the following circumstances:

- (a) the Issuer Account Bank fails to maintain the Account Bank Rating and the Issuer does not, within 60 calendar days of such occurrence, take, or procure to be taken, any of the actions referred to in Clauses 4.5(a) or 4.5(b) of the Cash Management Agreement; or
- (b) if the Issuer Account Bank, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in paragraph Clause 9.1(vi) of the Bank Account Agreement, ceases or, through an authorised action of the board of directors of the Issuer Account Bank, threatens to cease to carry on all or substantially all of its business or the Issuer Account Bank is unable or admits inability to pay its debts as and when they fall due within the meaning of Section 123 of the Insolvency Act (on the basis that the words "proved to the satisfaction of the court" are omitted from Section 123(1)(e) of the Insolvency Act) and Section 123(2) of the Insolvency Act (on the basis that the words "proved to the satisfaction

of the court" are omitted from Section 123(2) of the Insolvency Act) (as that Section may be amended) or ceases to be an authorised institution under FSMA 2000,

#### *Replacement of Issuer Account Bank*

If the Issuer Account Bank no longer has the Account Bank Ratings, the Issuer shall use its best endeavours to, within 60 calendar days following the first day on which such downgrade occurred, either:

- (a) close the relevant Issuer Accounts held with the Issuer Account Bank (including, for the avoidance of doubt, the Deposit Account) and use all reasonable endeavours to open replacement accounts with a financial institution (a) having all of the Account Bank Ratings and (b) which is a "bank" for the purposes of Section 991 of the Income Tax Act 2007; or
- (b) use all reasonable endeavours to obtain a guarantee of the obligations of such Issuer Account Bank under this Agreement from a financial institution having all of the Account Bank Ratings; or
- (c) take such other reasonable actions as may be required to ensure that the then current rating of the Notes are not adversely affected by the Issuer Account Bank ceasing to have all of the Account Bank Ratings.

#### *Governing Law*

The Bank Account Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

#### **The Corporate Services Agreement**

On or prior to the Closing Date, the Issuer, the Corporate Services Provider, the Share Trustee, Holdings and the Security Trustee will enter into a corporate services agreement (the "**Corporate Services Agreement**") pursuant to which the Corporate Services Provider will provide the Issuer and Holdings with certain corporate and administrative functions against the payment of a fee. Such services include, *inter alia*, the performance of all general book-keeping, secretarial, registrar and company administration services for the Issuer and Holdings (including the provision of directors), providing the directors with information in connection with the Issuer and Holdings, and the arrangement for the convening of shareholders' and directors' meetings.

#### *Governing Law*

The Corporate Services Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

#### **The Non-DD Collection Account Declaration of Trust**

On 5 December 2013, the Legal Title Holder, the Security Trustee and others entered into the Non-DD Collection Account Declaration of Trust (the "**Non-DD Collection Account Declaration of Trust**") pursuant to which the Legal Title Holder declared a trust (the "**Non-DD Collection Account Trust**") in favour of, *inter alia*: (a) Legal Title Holder and (b) certain other additional beneficiaries that may accede to the terms of the Non-DD Collection Account Trust over all its rights, title, interest and benefit (both present and future) in the Non-DD Collection Account, including all amounts standing to the credit of the Non-DD Collection Account, absolutely for each of the beneficiaries (including, following the execution of the Non-DD Collection Account Accession Undertaking (as

defined below), the Issuer) in the manner and in the proportions specified in the Non-DD Collection Account Declaration of Trust.

On or prior to the Closing Date, the Issuer, the Legal Title Holder, the Security Trustee and others will enter into an accession undertaking (the "**Non-DD Collection Account Accession Undertaking**") under which the Issuer and the Security Trustee will accede to the terms of the Non-DD Collection Account Declaration of Trust as a beneficiary of the Non-DD Collection Account Trust.

The Issuer's share of the Non-DD Collection Account Trust at any relevant time (the "**Non-DD Issuer Trust Share**") shall equal all amounts credited to the Non-DD Collection Account at such time in respect of the Loans and their Related Security comprised in the Portfolio taking into account any amounts previously paid to the Issuer in respect of the Loans and their Related Security.

Additional beneficiaries may from time to time on and from the Closing Date accede to the Non-DD Collection Account Declaration of Trust without the consent of the Issuer or the Security Trustee, however any such accession will not affect the manner in which the Non-DD Issuer Trust Share is calculated.

#### *Governing Law*

The Non-DD Collection Account Declaration of Trust and any non-contractual obligations arising out of or in connection with it will be governed by English law.

#### **The Collection Accounts Declaration of Trust**

On or prior to the Closing Date, the Issuer, the Legal Title Holder, and the Security Trustee will enter into a collection accounts declaration of trust (the "**Collection Accounts Declaration of Trust** ") pursuant to which the Legal Title Holder (as Collection Accounts Trustee (as defined therein)) will declare a trust (the "**Collection Accounts Trust**") in favour of the Issuer over all its rights, title, interest and benefit (both present and future) in the DD Collection Account and the Non-DD CMF 2020-1 Collection Account absolutely for the beneficiaries in the manner and in the proportions specified in the Collection Accounts Declaration of Trust.

#### *Governing Law*

The Collection Accounts Declaration of Trust and any non-contractual obligations arising out of or in connection with it will be governed by English law.

#### **The Collection Account Agreement**

On or prior to the Closing Date, the Issuer, the Legal Title Holder, the Security Trustee and the Collection Account Bank will enter into a collection account agreement (the "**Collection Account Agreement**") pursuant to which the Legal Title Holder (as Collection Accounts Trustee (as defined therein)) will appoint the Collection Account Bank as account bank in relation to the DD Collection Account and the Non-DD CMF 2020-1 Collection Account.

All Revenue Receipts and Redemption Receipts received in respect of the Loans from Borrowers by Direct Debit payment will be paid into the DD Collection Account. The Collection Account Bank will, unless it receives any instruction to the contrary from the Servicer or (following the delivery of an Enforcement Notice) the Security Trustee, automatically transfer (a) the aggregate amount of funds standing to the credit of the DD Collection Account that are available to be withdrawn at that time in excess of the minimum required balance and (b) the aggregate amount of funds standing to the credit of the Non-DD CMF 2020-1 Collection Account that are available to be withdrawn at that

time on each Business Day. The Collection Account Bank shall be entitled at any time to deduct from amounts standing to the credit of the DD Collection Account or the Non-DD CMF 2020-1 Collection Account any amounts to satisfy any of its obligations and/or liabilities properly incurred under the Direct Debiting Scheme (in the case of the DD Collection Account) and/or in respect of other unpaid sums relating to amounts received in respect of the Loans from Borrowers or to pay certain other amounts due or owing to the Collection Account Bank.

Certain fees and expenses of the Collection Account Bank will be paid by the Issuer, subject to and in accordance with the Priority of Payments.

#### *Governing Law*

The Collection Account Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

#### **Other Agreements**

For a description of the Swap Agreement, see "*Credit Structure*" below.

## CREDIT STRUCTURE

The Notes are obligations of the Issuer only. The Notes are not obligations of, or the responsibility of, or guaranteed by, any person other than the Issuer. In particular, the Notes are not obligations of, or the responsibility of, or guaranteed by, any of the Relevant Parties. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes shall be accepted by any of the Relevant Parties or by any other person other than the Issuer.

The structure of the credit support arrangements may be summarised as follows:

### **1. Liquidity Support for the Notes provided by Available Revenue Receipts**

It is anticipated that, during the life of the Notes, the interest payable by Borrowers on the Loans will, assuming that all of the Loans are fully performing, be sufficient so that the Available Revenue Receipts will be sufficient to pay the amounts payable under items (a) to (u) (inclusive) of the Pre-Enforcement Revenue Priority of Payments. The actual amount of any excess payable to the Certificateholders under item (w) of the Pre-Enforcement Revenue Priority of Payments will vary during the life of the Notes. Two of the key factors determining such variation are the interest rates applicable to the Loans in the Portfolio relative to the interest rates on the Notes (taking into account in respect of the Fixed Rate Loans amounts due to or by the Issuer pursuant to the terms of the Swap Agreement) (as to which, see "*Interest Rate Risk for the Notes*" below) and the performance of the Portfolio.

Available Revenue Receipts will be applied (after making payments ranking higher in the Pre-Enforcement Revenue Priority of Payments) on each Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments, towards reducing any Principal Deficiency Ledger entries which may arise from Losses on the Portfolio and from the application of Available Redemption Receipts as Principal Addition Amounts to cure any Senior Expenses Deficit in accordance with item (a) of the Pre-Enforcement Redemption Priority of Payments.

To the extent that the amount of Available Revenue Receipts on each Interest Payment Date up to but excluding the Class B Redemption Date exceeds the aggregate of the payments required to be met under items (a) to (h) (inclusive) of the Pre-Enforcement Revenue Priority of Payments, such excess is available to replenish the Class A and Class B Liquidity Reserve Fund Ledger up to and including an amount equal to the Class A and Class B Liquidity Reserve Fund Required Amount.

To the extent that the amount of Available Revenue Receipts on each Interest Payment Date exceeds the aggregate of the payments required to be met under items (a) to (p) (inclusive) of the Pre-Enforcement Revenue Priority of Payments, such excess is available to replenish the General Reserve Fund up to an amount equal to the General Reserve Fund Required Amount.

To the extent that the amount of Available Revenue Receipts on each Interest Payment Date from and including the Optional Redemption Date or the Final Redemption Date exceeds the aggregate of the payments required to be met under items (a) to (r) (inclusive) of the Pre-Enforcement Revenue Priority of Payments, an amount equal to the lesser of (i) all remaining amounts (if any); and (ii) the amount required by the Issuer to pay in full all amounts payable under items (a) to (f) (inclusive) of the Pre-Enforcement Redemption Priority of Payments, less any Available Redemption Receipts (other than item (c) of the definition thereof) otherwise available to the Issuer, is available as Enhanced Amortisation Amounts to be applied as Available Redemption Receipts in accordance with the Pre-Enforcement Redemption Priority of Payments.



## 2. General Reserve Fund and General Reserve Fund Ledger

On the Closing Date, the Issuer will establish a fund which will be credited with the General Reserve Fund Required Amount from part of the proceeds of the Noteholders' subscription for the Class X Notes on the Closing Date (the "**General Reserve Fund**") to provide liquidity support (and ultimately, credit enhancement) for the Collateralised Notes. The General Reserve Fund will be deposited in the Deposit Account (with a corresponding credit being made to the General Reserve Fund Ledger). The Issuer may invest the amounts standing to the credit of the General Reserve Fund from time to time in Authorised Investments. For more information about the application of the amounts standing to the credit of the General Reserve Fund, see the section "*Cashflows – Application of Monies released from the General Reserve Fund*" below.

The Cash Manager will maintain the General Reserve Fund Ledger pursuant to the Cash Management Agreement to record the balance from time to time of the General Reserve Fund.

After the Closing Date, on each Interest Payment Date up to and including the Final Redemption Date, the General Reserve Fund will be replenished up to the General Reserve Fund Required Amount from Available Revenue Receipts (to the extent available) in accordance with the provisions of the Pre-Enforcement Revenue Priority of Payments.

Following the determination by the Cash Manager on each Calculation Date up to and including the Calculation Date immediately preceding the Final Redemption Date of the General Reserve Fund Required Amount in respect of the immediately following Interest Payment Date, the Cash Manager shall determine the General Reserve Fund Excess Amount for application as Available Revenue Receipts on the immediately following Interest Payment Date (if any).

On each Interest Payment Date up to and including the Final Redemption Date, the Cash Manager will apply as Available Revenue Receipts the General Reserve Fund Excess Amount (as determined on the immediately preceding Calculation Date).

On any Calculation Date up to and including the Calculation Date immediately preceding the Final Redemption Date (prior to the service of an Enforcement Notice), if the Cash Manager determines that on the immediately following Interest Payment Date, there would be a Revenue Deficit, the Cash Manager will apply on such Interest Payment Date an amount from the General Reserve Fund equal to the lesser of:

- (a) the amount standing to the credit of the General Reserve Fund Ledger on such Interest Payment Date; and
- (b) the amount of such Revenue Deficit,

(such amount being the "**General Reserve Fund Release Amount**"), in meeting such Revenue Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order that they appear in the Pre-Enforcement Revenue Priority of Payments (any such amount to be debited from the General Reserve Fund Ledger immediately prior to the application of Available Revenue Receipts pursuant to the Pre-Enforcement Revenue Priority of Payments on such Interest Payment Date).

The "**Revenue Deficit**" shall be, on any Interest Payment Date an amount equal to the aggregate of:

- (a) any shortfall in Available Revenue Receipts and any Class A and Class B Liquidity Reserve Fund Release Amounts to pay items (a) to (f) (inclusive) of the Pre-Enforcement Revenue Priority of Payments on such Interest Payment Date;
- (b) either (i) if there is no debit balance on the Class B Principal Deficiency Sub-Ledger on such Interest Payment Date, any shortfall in Available Revenue Receipts and any Class A and Class B Liquidity Reserve Fund Release Amounts to pay item (h) of the Pre-Enforcement Revenue Priority of Payments on such Interest Payment Date or (ii) if there is a debit balance on the Class B Principal Deficiency Sub-Ledger on such Interest Payment Date, zero;
- (c) either (i) if there is no debit balance on the Class C Principal Deficiency Sub-Ledger on such Interest Payment Date, any shortfall in Available Revenue Receipts and any Class A and Class B Liquidity Reserve Fund Release Amounts to pay item (k) of the Pre-Enforcement Revenue Priority of Payments on such Interest Payment Date or (ii) if there is a debit balance on the Class C Principal Deficiency Sub-Ledger on such Interest Payment Date, zero;
- (d) either (i) if there is no debit balance on the Class D Principal Deficiency Sub-Ledger on such Interest Payment Date, any shortfall in Available Revenue Receipts and any Class A and Class B Liquidity Reserve Fund Release Amounts to pay item (m) of the Pre-Enforcement Revenue Priority of Payments on such Interest Payment Date or (ii) if there is a debit balance on the Class D Principal Deficiency Sub-Ledger on such Interest Payment Date, zero;
- (e) either (i) if there is no debit balance on the Class E Principal Deficiency Sub-Ledger on such Interest Payment Date, any shortfall in Available Revenue Receipts and any Class A and Class B Liquidity Reserve Fund Release Amounts to pay item (o) of the Pre-Enforcement Revenue Priority of Payments on such Interest Payment Date or (ii) if there is a debit balance on the Class E Principal Deficiency Sub-Ledger on such Interest Payment Date, zero,

as determined by the Cash Manager on the immediately preceding Calculation Date.

For the avoidance of doubt, in the event there is a shortfall in Available Revenue Receipts to pay items (h), (k), (m) or (o) in the Pre-Enforcement Revenue Priority of Payments on any applicable Interest Payment Date, but there is a debit balance on the Principal Deficiency Sub-Ledger for the relevant Class of Notes, the shortfall for the purposes of such item shall be deemed to be zero for the purposes of the calculation of any General Reserve Fund Release Amount and such items will not be relevant items for the purposes of the application of the General Reserve Fund Release Amount.

On the Final Redemption Date only, all amounts standing to the credit of the General Reserve Fund Ledger (after first having applied any Class A and Class B Liquidity Reserve Fund Release Amounts in meeting any Class A and Class B Liquidity Deficit and then any General Reserve Fund Release Amount to meet any Revenue Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order they appear in the Pre-Enforcement Revenue Priority of Payments, and debiting such amounts from the Class A and Class B Liquidity Reserve Fund Ledger and/or the General Reserve Fund Ledger in accordance with the Pre-Enforcement Revenue Priority of Payments, in each case on such

Final Redemption Date) will be applied as Available Redemption Receipts in accordance with the Pre-Enforcement Redemption Priority of Payments.

The "**General Reserve Fund Excess Amount**" on any Interest Payment Date will be an amount equal to the greater of:

- (a) zero; and
- (b) the amount standing to the credit of the General Reserve Fund Ledger on such Interest Payment Date, less the General Reserve Fund Required Amount on such Interest Payment Date.

**"General Reserve Fund Required Amount"** means:

- (a) on any Interest Payment Date up to and including the Final Redemption Date:
  - (i) if a Reserve Fund Amortising Trigger Event has not occurred prior to the Calculation Date immediately preceding such Interest Payment Date, an amount equal to 1.5 per cent. of the aggregate current Principal Amount Outstanding of the Collateralised Notes prior to the application of Available Redemption Receipts on such Interest Payment Date, minus the Class A and Class B Liquidity Reserve Fund Required Amount; and
  - (ii) if a Reserve Fund Amortising Trigger Event has occurred prior to the Calculation Date immediately preceding such Interest Payment Date, an amount equal to 1.5 per cent. of the aggregate current Principal Amount Outstanding of the Collateralised Notes on the Interest Payment Date immediately preceding the date on which the Reserve Fund Amortising Trigger Event occurred (following to the application of Available Redemption Receipts on such Interest Payment Date), minus the Class A and Class B Liquidity Reserve Fund Required Amount; and
- (b) on each Interest Payment Date on and following the Final Redemption Date, zero.

A "**Reserve Fund Amortising Trigger Event**" occurs if:

- (a) the Collateralised Notes are not redeemed in full on the Optional Redemption Date; or
- (b) Cumulative Defaults in respect of the Loans comprising the Portfolio are greater than 5 per cent. of the aggregate Current Balance of the Loans comprised in the Portfolio as at the Cut-Off Date.

**"Cumulative Defaults"** means, at any time, the Current Balance of all Loans that have been repossessed calculated at the point when the relevant Loan was repossessed.

### 3. **Use of Available Redemption Receipts to pay Senior Expenses Deficit**

On each Calculation Date prior to the service of an Enforcement Notice, and with reference to the immediately following Interest Payment Date, the Cash Manager will calculate whether there will be a shortfall of Available Revenue Receipts, Class A and Class B Liquidity Reserve Fund Release Amounts and any General Reserve Fund Release Amounts in meeting a Senior Expenses Deficit on such Interest Payment Date. If the Cash Manager determines that there will be a Senior Expenses Deficit, then pursuant to item (a) of the

Pre-Enforcement Redemption Priority of Payments, the Cash Manager on behalf of the Issuer shall apply an amount of Available Redemption Receipts equal to the lesser of:

- (a) the amount of Available Redemption Receipts available for application pursuant to the Pre-Enforcement Redemption Priority of Payments on such Interest Payment Date; and
- (b) the amount of such Senior Expenses Deficit,

(such amount being the "**Principal Addition Amounts**"), in meeting such Senior Expenses Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order that they appear in the Pre-Enforcement Revenue Priority of Payments.

The "**Senior Expenses Deficit**" shall be, on any Interest Payment Date, an amount equal to any shortfall in Available Revenue Receipts, any General Reserve Fund Release Amounts and any Class A and Class B Liquidity Reserve Fund Release Amounts to pay:

- (a) items (a) to (f) of the Pre-Enforcement Revenue Priority of Payments; and
- (b) if (i) the Class B Notes are the Most Senior Class of Notes outstanding; or (ii) prior to the application of Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments on the relevant Interest Payment Date, the outstanding debit balance of the Class B Principal Deficiency Sub-Ledger is less than 50 per cent. of the Principal Amount Outstanding of the Class B Notes on the Calculation Date immediately preceding such Interest Payment Date, item (h) of the Pre-Enforcement Revenue Priority of Payments;
- (c) if the Class C Notes are the Most Senior Class of Notes outstanding, item (k) of the Pre-Enforcement Revenue Priority of Payments;
- (d) if the Class D Notes are the Most Senior Class of Notes outstanding, item (m) of the Pre-Enforcement Revenue Priority of Payments;
- (e) if the Class E Notes are the Most Senior Class of Notes outstanding, item (o) of the Pre-Enforcement Revenue Priority of Payments,

on such Interest Payment Date, as determined by the Cash Manager on the immediately preceding Calculation Date.

Any Available Redemption Receipts applied as Principal Addition Amounts will be recorded as a debit on the Principal Deficiency Ledger (as further described below).

For more information about the application of Available Redemption Receipts to pay Senior Expenses Deficits, see the section "*Cashflows – Application of Available Redemption Receipts to cure a Senior Expenses Deficit*".

#### **4. Class A and Class B Liquidity Reserve Fund and Class A and Class B Liquidity Reserve Fund Ledger**

On the Closing Date, the Issuer will establish a fund which will be credited with the Class A and Class B Liquidity Reserve Fund Required Amount from part of the proceeds of the Noteholders' subscription for the Class X Notes on the Closing Date (the "**Class A and Class B Liquidity Reserve Fund**") to provide liquidity support (and ultimately, credit enhancement) for the Class A Notes and the Class B Notes. The Class A and Class B

Liquidity Reserve Fund will be deposited in the Deposit Account (with a corresponding credit being made to the Class A and Class B Liquidity Reserve Fund Ledger). The Issuer may invest amounts standing to the credit of the Class A and Class B Liquidity Reserve Fund in Authorised Investments. For more information about the application of the amounts standing to the credit of the Class A and Class B Liquidity Reserve Fund, see the section "*Cashflows – Application of Monies released from the Class A and Class B Liquidity Reserve Fund*" below.

The Cash Manager will maintain the Class A and Class B Liquidity Reserve Fund Ledger pursuant to the Cash Management Agreement to record the balance from time to time of the Class A and Class B Liquidity Reserve Fund.

After the Closing Date, on each Interest Payment Date up to but excluding the Class B Redemption Date, the Class A and Class B Liquidity Reserve Fund will be replenished up to the Class A and Class B Liquidity Reserve Fund Required Amount from Available Revenue Receipts (to the extent available) in accordance with the provisions of the Pre-Enforcement Revenue Priority of Payments.

Following the determination by the Cash Manager on each Calculation Date up to but excluding the Calculation Date immediately preceding the Class B Redemption Date of the Class A and Class B Liquidity Reserve Fund Required Amount in respect of the immediately following Interest Payment Date, the Cash Manager shall determine the Class A and Class B Liquidity Reserve Fund Excess Amount to be applied as Available Revenue Receipts on the immediately following Interest Payment Date (if any).

On each Interest Payment Date up to but excluding the Class B Redemption Date, the Cash Manager will apply as Available Revenue Receipts the Class A and Class B Liquidity Reserve Fund Excess Amount (as determined on the immediately preceding Calculation Date).

On any Calculation Date up to and including the Calculation Date immediately preceding the Class B Redemption Date (prior to the service of an Enforcement Notice), if the Cash Manager determines that on the immediately following Interest Payment Date, there would be a Class A and Class B Liquidity Deficit, the Cash Manager will apply on such Interest Payment Date an amount from the Class A and Class B Liquidity Reserve Fund equal to the lesser of:

- (a) the amount standing to the credit of the Class A and Class B Liquidity Reserve Fund Ledger on such Interest Payment Date (for the avoidance of doubt, prior to any amounts being debited from the Class A and Class B Liquidity Reserve Fund Ledger on such Interest Payment Date); and
- (b) the amount of such Class A and Class B Liquidity Deficit,

(such amount being the "**Class A and Class B Liquidity Reserve Fund Release Amount**"), in meeting such Class A and Class B Liquidity Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order that they appear in the Pre-Enforcement Revenue Priority of Payments (any such amount to be debited from the Class A and Class B Liquidity Reserve Fund Ledger immediately prior to the application of any General Reserve Fund Release Amount, Principal Addition Amounts and Available Revenue Receipts pursuant to the Pre-Enforcement Revenue Priority of Payments on such Interest Payment Date).

On the Class B Redemption Date only, all amounts standing to the credit of the Class A and Class B Liquidity Reserve Fund (after first having applied any Class A and Class B Liquidity Reserve Fund Release Amount in meeting any Class A and Class B Liquidity Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order they appear in the Pre-Enforcement Revenue Priority of Payments and debiting such amount from the Class A and Class B Liquidity Reserve Fund Ledger) will be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments.

The "**Class A and Class B Liquidity Deficit**" shall be, on any Interest Payment Date, an amount equal to any shortfall in Available Revenue Receipts to pay:

- (a) items (a) to (f) of the Pre-Enforcement Revenue Priority of Payments; and
- (b) if (i) the Class B Notes are the Most Senior Class of Notes outstanding or (ii) prior to the application of Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments on the relevant Interest Payment Date, the outstanding debit balance of the Class B Principal Deficiency Sub-Ledger is less than 50 per cent. of the Principal Amount Outstanding of the Class B Notes on the Calculation Date immediately preceding such Interest Payment Date, item (h) of the Pre-Enforcement Revenue Priority of Payments,

on such Interest Payment Date, as determined by the Cash Manager on the immediately preceding Calculation Date.

The "**Class A and Class B Liquidity Reserve Fund Excess Amount**" shall be:

- (a) on each Interest Payment Date up to but excluding the Class B Redemption Date, all amounts standing to the credit of the Class A and Class B Liquidity Reserve Fund in excess of the Class A and Class B Liquidity Reserve Fund Required Amount on such Interest Payment Date (prior to any amounts being debited from or credited to the Class A and Class B Liquidity Reserve Fund Ledger on such date); and
- (b) on each other Interest Payment Date, zero.

"**Class A and Class B Liquidity Reserve Fund Required Amount**" means:

- (a) on any Interest Payment Date falling prior to the Class B Redemption Date:
  - (i) if a Reserve Fund Amortising Trigger Event has not occurred prior to the Calculation Date immediately preceding such Interest Payment Date, an amount equal to 1.5 per cent. of the aggregate current Principal Amount Outstanding of the Class A Notes and Class B Notes prior to the application of Available Redemption Receipts on such Interest Payment Date; and
  - (ii) if a Reserve Fund Amortising Trigger Event has occurred prior to the Calculation Date immediately preceding such Interest Payment Date, an amount equal to 1.5 per cent. of the aggregate current Principal Amount Outstanding of the Class A Notes and Class B Notes on the Interest Payment Date immediately preceding the date on which the Reserve Fund Amortising Trigger Event occurred (following to the application of Available Redemption Receipts on such Interest Payment Date); and
- (b) on any Interest Payment Date falling on or after the Class B Redemption Date, zero.

The "**Class B Redemption Date**" means the Interest Payment Date in respect of which the Cash Manager determines on the immediately preceding Calculation Date that, following the application on such Interest Payment Date of (i) Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments, (ii) any Class A and Class B Liquidity Reserve Fund Release Amounts in meeting any Class A and Class B Liquidity Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order that they appear in the Pre-Enforcement Revenue Priority of Payments and (iii) any General Reserve Fund Release Amounts in meeting any Revenue Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order that they appear in the Pre-Enforcement Revenue Priority of Payments, the sum of the Available Redemption Receipts would be sufficient to redeem in full the Class B Notes on such Interest Payment Date.

## 5. **Principal Deficiency Ledger**

A Principal Deficiency Ledger will be established to record any Losses affecting the Loans in the Portfolio and/or any Principal Addition Amounts. The "**Principal Deficiency Ledger**" will comprise the following sub-ledgers: the Principal Deficiency Ledger relating to the Class A Notes (the "**Class A Principal Deficiency Sub-Ledger**"), the Principal Deficiency Ledger relating to the Class B Notes (the "**Class B Principal Deficiency Sub-Ledger**"), the Principal Deficiency Ledger relating to the Class C Notes (the "**Class C Principal Deficiency Sub-Ledger**"), the Principal Deficiency Ledger relating to the Class D Notes (the "**Class D Principal Deficiency Sub-Ledger**") and the Principal Deficiency Ledger relating to the Class E Notes (the "**Class E Principal Deficiency Sub-Ledger**") (each a "**Principal Deficiency Sub-Ledger**"). Any Losses on the Portfolio and/or any Principal Addition Amounts will be recorded as a debit (on the date that the Cash Manager is informed of such Losses by the Servicer or such Principal Addition Amounts are determined by the Cash Manager (as applicable)) first (a) to the Class E Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class E Notes; then (b) to the Class D Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class D Notes; then (c) to the Class C Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class C Notes; then (d) to the Class B Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class B Notes; then (e) to the Class A Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class A Notes. Investors should note that realised Losses in any period will be calculated after applying any recoveries following enforcement of a Loan to outstanding fees and interest amounts due and payable on the relevant Loan. The Cash Manager will record as a credit to the Principal Deficiency Ledger (i) Available Revenue Receipts applied pursuant to items (g), (j), (l), (n) and (p) of the Pre-Enforcement Revenue Priority of Payments (if any) (which amounts shall, for the avoidance of doubt, thereupon become Available Redemption Receipts) and (ii) Enhanced Amortisation Amounts applied in accordance with item (s) of the Pre-Enforcement Revenue Priority of Payments (which amounts shall, for the avoidance of doubt, thereupon become Available Redemption Receipts).

Any amount credited to the Principal Deficiency Ledger in respect of Enhanced Amortisation Amounts will be reduced to the extent of any future Losses arising in respect of the Portfolio.

## 6. **Available Revenue Receipts and Available Redemption Receipts**

Available Revenue Receipts and Available Redemption Receipts shall be applied on each Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments and the Pre-Enforcement Redemption Priority of Payments, respectively. Other than

amounts which the Issuer expects to generate in each accounting period as its profit in respect of the business of the Issuer, amounts standing to the credit of the Class A and Class B Liquidity Reserve Fund Ledger (other than any amounts representing Class A and Class B Liquidity Reserve Fund Release Amounts or Class A and Class B Liquidity Reserve Fund Excess Amounts), the General Reserve Fund Ledger (other than any amounts representing General Reserve Fund Release Amounts or General Reserve Fund Excess Amounts) and the Swap Collateral Ledger (if any), it is not intended that any surplus will be accumulated in the Issuer.

If, on any Interest Payment Date while there are Collateralised Notes outstanding, the Issuer has insufficient Available Revenue Receipts, Class A and Class B Liquidity Reserve Fund Release Amounts, General Reserve Fund Release Amounts and Principal Addition Amounts to pay the interest that would otherwise be payable absent the deferral provisions in respect of the Notes other than in respect of the Most Senior Class of Notes, then the Issuer will be entitled under Condition 18 (*Subordination by Deferral*) to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date. Any such deferral in accordance with the deferral provisions contained in the Conditions will not constitute an Event of Default. However, failure to pay interest on the Most Senior Class of Notes within any applicable grace period in accordance with the Conditions shall constitute an Event of Default under the Notes which may result in the Security Trustee enforcing the Security.

## **7. Interest Rate Risk for the Notes**

### *Swap Agreement*

On or about the Closing Date, the Issuer and the Swap Provider will enter into an ISDA Master Agreement, schedule, credit support annex and confirmation (as amended or supplemented from time to time) relating to the Swap Transaction (the "**Swap Agreement**").

"**ISDA Master Agreement**" means the 2002 ISDA Master Agreement, as published by the International Swaps and Derivatives Association, Inc.

### *Swap Transaction*

Some of the Loans in the Portfolio pay or will pay a fixed rate of interest for an initial period of time. However, the Issuer's liabilities under the Notes are based on Compounded Daily SONIA for the relevant period.

To provide a hedge against the possible variance between:

- (a) the fixed rates of interest payable on the Fixed Rate Loans in the Portfolio; and
- (b) the rate of interest under the Notes being calculated by reference to Compounded Daily SONIA,

the Issuer will enter into the Swap Transaction with the Swap Provider under the Swap Agreement on the Closing Date.

Under the Swap Transaction, for each Swap Calculation Period falling prior to the termination date of the Swap Transaction, the following amounts will be calculated:

- (a) the amount produced by applying Compounded Daily SONIA to the Notional Amount (as defined below) of the Swap Transaction for the relevant Swap



Calculation Period and multiplying the resulting amount by the Day Count Fraction (as defined below) (the "**Swap Provider Swap Amount**"); and

- (b) the amount produced by applying a Fixed Rate (as defined in the Swap Agreement) to the Notional Amount of the Swap Transaction for the relevant Swap Calculation Period and multiplying the resulting amount by the Day Count Fraction (the "**Issuer Swap Amount**").

After these two amounts are calculated in relation to a Swap Payment Date, the following payments will be made on that Swap Payment Date:

- (a) if the Swap Provider Swap Amount for that Swap Payment Date is greater than the Issuer Swap Amount for that Swap Payment Date, then the Swap Provider will pay an amount equal to the excess to the Issuer;
- (b) if the Issuer Swap Amount for that Swap Payment Date is greater than the Swap Provider Swap Amount for that Swap Payment Date, then the Issuer will pay an amount equal to the excess to the Swap Provider; and
- (c) if the two amounts are equal, neither party will make a payment to the other.

For the purposes of calculating both the Issuer Swap Amount and Swap Provider Swap Amount in respect of a Swap Calculation Period, the notional amount of the Swap Transaction (the "**Notional Amount**") will be set out in a pre-agreed table to the Swap Transaction and based on the expected repayment profile of the Fixed Rate Loans assuming a 2.00 per cent. constant prepayment rate on the Current Balance of the Fixed Rate Loans in the Portfolio as at the Cut-Off Date.

For the purposes of determining the amounts payable under the Swap Transaction the following definitions apply:

**"Day Count Fraction"** means in respect of any Swap Calculation Period, the number of calendar days in that Swap Calculation Period divided by 365;

**"Swap Calculation Period"** means (other than the first Swap Calculation Period), each period that commences on (and includes) a Swap Payment Date and ends on (but excludes) the immediately following Swap Payment Date and in respect of the first Swap Calculation Period, means the period commencing on (and including) the Closing Date and ending on (but excluding) the Swap Payment Date falling in April 2020; and

**"Swap Payment Date"** means the 16th day of each month in each year commencing on 16 April 2020 and ending on the termination date of the Swap Transaction, in each case subject to adjustment in accordance with the modified following business day convention as set out in the Swap Agreement.

The Swap Transaction may not fully hedge the Issuer's interest rate risk as discussed under the section entitled "*Risk Factors – Interest Rate Risk*" above.

#### *General*

If a payment is made by the Swap Provider (other than (i) any early termination amount received by the Issuer under the Swap Agreement, (ii) Swap Collateral, (iii) any Replacement Swap Premium paid to the Issuer, and (iv) amounts in respect of Swap Tax Credits on such Interest Payment Date other than, in each case, any Swap Collateral Account Surplus which

is to be applied as Available Revenue Receipts in accordance with the Swap Collateral Account Priority of Payments), that payment will be included in the Available Revenue Receipts and will be applied on the relevant Swap Payment Date according to the applicable Priority of Payments. If a payment is to be made by the Issuer, it will be made according to the applicable Priority of Payments of the Issuer.

Under the terms of the Swap Agreement, in the event that the relevant rating(s) of the Swap Provider assigned by a Rating Agency falls below the required swap rating (the "**Required Swap Rating**") (as to which see further the section entitled "*Transaction Overview – Triggers Tables*"), the Swap Provider will, in accordance with the Swap Agreement, be required to take certain remedial measures within the timeframe stipulated in the Swap Agreement and at its own cost which may include providing collateral for its obligations under the Swap Transaction, arranging for its obligations under the Swap Transaction to be transferred to an entity with the Required Swap Ratings or procuring another eligible entity with the Required Swap Ratings to become co-obligor or guarantor, as applicable, in respect of its obligations under the Swap Transaction. If there is an early termination of the Swap Agreement, the Cash Manager (on behalf of the Issuer) or, following the service of an Enforcement Notice, the Security Trustee shall instruct the custodian to liquidate any securities constituting Swap Collateral in the Swap Collateral Account on a delivery versus payment basis promptly following such early termination of the Swap Agreement. However, no assurance can be given that, at the time that such actions are required, sufficient collateral will be available to the Swap Provider for posting or that another entity with the Required Swap Rating will be available to become a replacement swap provider, co-obligor or guarantor or that the applicable Swap Provider will be able to take the requisite other action. If the remedial measures following a downgrade below the Required Swap Rating are not taken within the applicable time frames, this will in certain circumstances permit the Issuer to terminate the Swap Agreement early.

The Swap Transaction may be terminated in certain circumstances, including the following, each as more specifically defined in the Swap Agreement (an "**Early Termination Event**"):

- (a) if there is a failure by a party to pay amounts due under the Swap Agreement and any applicable grace period has expired;
- (b) if certain insolvency events occur with respect to the Swap Provider;
- (c) if a material misrepresentation is made by the Swap Provider under the Swap Agreement;
- (d) if a breach of a provision of the Swap Agreement by the Swap Provider is not remedied within the applicable grace period;
- (e) if a change of law results in the obligations of one of the parties becoming illegal;
- (f) if certain force majeure events occur and result in one of the parties being prevented from performing its obligations, receiving payments or complying with any material provision of the Swap Agreement;
- (g) in certain circumstances, if a deduction or withholding for or on account of taxes is imposed on payments under the Swap Transaction due to a change in law;
- (h) if the Swap Provider is downgraded and fails to comply with the requirements of the downgrade provisions contained in the Swap Agreement and described above;

- (i) service by the Note Trustee of an Enforcement Notice on the Issuer pursuant to Condition 11 (*Events of Default*) of the Notes;
- (j) if there is a redemption in full of the Collateralised Notes pursuant to 8.2 (*Mandatory Redemption prior to the service of an Enforcement Notice or on the Call Option Redemption Date*) Conditions 8.3 (*Mandatory Redemption of the Notes in Full*) or 8.4 (*Mandatory Redemption of the Notes for Taxation or Other Reasons*); and
- (k) any of the Transaction Documents are amended without the Swap Provider's prior written consent (such consent not to be unreasonably withheld), and such amendment has the effect that immediately thereafter, the Swap Provider would be required to pay more to or receive less from a third party transferee if it were to transfer the transaction entered into between the Swap Provider and the Issuer on or about the date of the Swap Agreement (the "**Relevant Transaction**") to such third party transferee (subject to and in accordance with Part 5(e) of the Swap Agreement) than would have otherwise been the case prior to such amendment; (ii) has the effect of altering the amount, timing or priority of any payments or deliveries due from the Issuer to the Swap Provider; or (iii) has the effect of altering any requirement to obtain the Swap Provider's prior consent (written or otherwise) in respect of any matter.

Under the terms of the Swap Agreement, upon an early termination of the Swap Transaction, depending on the type of Early Termination Event and the circumstances prevailing at the time of termination, the Issuer or the Swap Provider may be liable to make a termination payment to the other. This termination payment will be calculated and made in Sterling. The amount of any termination payment may reflect, among other things, the cost of entering into a replacement transaction at the time, third party market data such as rates, prices, yields and yield curves, or similar information derived from internal sources of the party making the determination and will include any unpaid amounts that became due and payable on or prior to the date of termination.

Depending on the terms of the Swap Transaction and the circumstances prevailing at the time of termination, any such termination payment could be substantial and may affect the funds available for paying amounts due to the Noteholders.

The Issuer will use its reasonable endeavours, upon termination of the Swap Agreement, to find a replacement Swap Provider although no guarantees of such replacement can be given.

The Issuer is not obliged under the Swap Agreement to gross up payments made by it if a withholding or deduction for or on account of taxes is imposed on payments made under the Swap Transaction.

The Swap Provider will generally be obliged to gross up payments made by it to the Issuer if a withholding or deduction for or on account of tax is imposed on payments made by it under the Swap Agreement.

The Swap Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

## CASHFLOWS

### Definition of Revenue Receipts

**"Revenue Receipts"** means (a) payments of interest and other fees due from time to time under the Loans (including any Early Repayment Charges) and other amounts received by the Issuer in respect of the Loans and their Related Security other than payments of interest, fees and other amounts comprising Optional Purchase Collections, the Optional Purchase Price received by the Issuer pursuant to the exercise of the Call Option and Redemption Receipts, (b) recoveries of interest from defaulting Borrowers under Loans being enforced, (c) recoveries of all amounts from defaulting Borrowers under Loans following enforcement and sale of the relevant property and (d) the proceeds of repurchase attributable to Accrued Interest and Arrears of Interest only of any Loan repurchased by the Seller or the Legal Title Holder from the Issuer pursuant to the Mortgage Sale Agreement.

### Definition of Available Revenue Receipts

**"Available Revenue Receipts"** means, for each Interest Payment Date, an amount equal to the aggregate of (without double counting):

- (a) all Revenue Receipts or, if in a Determination Period, any Calculated Revenue Receipts, in each case excluding any Reconciliation Amounts to be applied as Available Redemption Receipts on that Interest Payment Date, received by the Issuer:
  - (i) during the immediately preceding Collection Period; or
  - (ii) if representing amounts received in respect of any repurchases of Loans and their Related Security by the Seller or the Original Seller or the Legal Title Holder pursuant to the Mortgage Sale Agreement, from but excluding the Collection Period Start Date immediately preceding the immediately preceding Interest Payment Date (or, in the case of the first Interest Payment Date, from and including the Closing Date) to and including the immediately preceding Collection Period Start Date;
- (b) interest payable to the Issuer on the Issuer Accounts and received in the immediately preceding Collection Period (other than any amount of interest or income received in respect of any Swap Collateral) and income from any Authorised Investments to be received on or prior to the Interest Payment Date (other than any amount of income received in respect of the Swap Collateral);
- (c) amounts received or to be received by the Issuer under or in connection with the Swap Agreement (other than (i) any early termination amount received by the Issuer under the Swap Agreement, (ii) Swap Collateral, (iii) any Replacement Swap Premium paid to the Issuer, and (iv) amounts in respect of Swap Tax Credits on such Interest Payment Date other than, in each case, any Swap Collateral Account Surplus which is to be applied as Available Revenue Receipts in accordance with the Swap Collateral Account Priority of Payments);
- (d) on each Interest Payment Date up to but excluding the Class B Redemption Date, the Class A and Class B Liquidity Reserve Fund Excess Amount;
- (e) on the Class B Redemption Date only, all amounts standing to the credit of the Class A and Class B Liquidity Reserve Fund Ledger (after first having applied any Class A and Class B Liquidity Reserve Fund Release Amount in meeting any Class A and Class B Liquidity Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the

order they appear in the Pre-Enforcement Revenue Priority of Payments and debiting such amount from the Class A and Class B Liquidity Reserve Fund Ledger);

- (f) on each Interest Payment Date up to and including the Final Redemption Date, the General Reserve Fund Excess Amount;
- (g) on each Interest Payment Date following a Determination Period, any Reconciliation Amounts deemed to be Available Revenue Receipts in accordance with Condition 6.8(c) (*Determinations and Reconciliation*);
- (h) amounts credited to the Deposit Account on the previous Interest Payment Date in accordance with item (v) of the Pre-Enforcement Revenue Priority of Payments;
- (i) amounts representing the Optional Purchase Price received by the Issuer upon sale of the Loans and their Related Security comprising the Portfolio further to exercise of the Call Option; and
- (j) other net income of the Issuer received during the immediately preceding Collection Period, excluding any Redemption Receipts;
- (k) amounts determined to be applied as Available Revenue Receipts on the immediately succeeding Interest Payment Date in accordance with item (g) of the Pre-Enforcement Redemption Priority of Payment;

*less:*

- (l) amounts applied from time to time during the immediately preceding Collection Period in making payment of certain monies which properly belong to third parties (including the Seller) such as (but not limited to):
  - (i) certain costs and expenses charged by the Servicer in respect of its servicing of the Loans, other than the Base Fee and not otherwise covered by the items below;
  - (ii) payments of certain insurance premiums in respect of the Block Insurance Policies (to the extent referable to the Loans);
  - (iii) amounts under a Direct Debit which are repaid to the bank making the payment if such bank is unable to recoup or recall such amount itself from its customer's account or is required to refund an amount previously debited; and
  - (iv) any amount received from a Borrower for the express purpose of payment being made to a third party for the provision of a service to that Borrower,(items within (l) being collectively referred to herein as "**Third Party Amounts**");
- (m) any tax payments paid or payable by the Issuer during the immediately preceding Collection Period to the extent not funded from amounts standing to the credit of the Issuer Profit Ledger; and
- (n) (taking into account any amount paid by way of Third Party Amounts) amounts to remedy any overdraft in relation to the DD Collection Account or the Non-DD CMF 2020-1 Collection Account or to pay any amounts due to the Collection Account Bank.

### **Application of Monies released from the General Reserve Fund**

Prior to service of an Enforcement Notice on the Issuer, (i) the General Reserve Fund Excess Amount will be applied on each Interest Payment Date as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments and (ii) an amount equal to the General Reserve Fund Release Amount will be applied (after first having applied any Class A and Class B Liquidity Reserve Fund Release Amount to meet any Class A and Class B Liquidity Deficit) on each Interest Payment Date to meet any Revenue Deficit existing on such Interest Payment Date against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order that they appear in the Pre-Enforcement Revenue Priority of Payments.

On the Final Redemption Date only, all amounts standing to the credit of the General Reserve Fund Ledger (after first having applied any Class A and Class B Liquidity Reserve Fund Release Amounts in meeting any Class A and Class B Liquidity Deficit and then any General Reserve Fund Release Amount to meet any Revenue Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order they appear in the Pre-Enforcement Revenue Priority of Payments, and debiting such amounts from the Class A and Class B Liquidity Reserve Fund Ledger and/or the General Reserve Fund Ledger in accordance with the Pre-Enforcement Revenue Priority of Payments, in each case on such Final Redemption Date) will be applied as Available Redemption Receipts in accordance with the Pre-Enforcement Redemption Priority of Payments.

Following service of an Enforcement Notice on the Issuer, all amounts standing to the credit of the General Reserve Fund Ledger will be applied in accordance with the Post-Enforcement Priority of Payments.

### **Application of Available Redemption Receipts to cure a Senior Expenses Deficit**

Prior to service of an Enforcement Notice on the Issuer, if the Cash Manager calculates that there will be a Senior Expenses Deficit on the immediately following Interest Payment Date (taking into account any Class A and Class B Liquidity Reserve Fund Release Amounts and any General Reserve Fund Release Amounts), the Issuer shall apply Available Redemption Receipts (to the extent available) as Principal Addition Amounts to meet any Senior Expenses Deficit on such Interest Payment Date against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order that they appear in the Pre-Enforcement Revenue Priority of Payments.

If any Principal Addition Amounts are applied on any Interest Payment Date in accordance with item (a) of the Pre-Enforcement Redemption Priority of Payments, the Issuer (or the Cash Manager on its behalf) will make a corresponding debit entry in the Principal Deficiency Ledger.

### **Application of Monies released from the Class A and Class B Liquidity Reserve Fund**

Prior to service of an Enforcement Notice on the Issuer, (i) the Class A and Class B Reserve Fund Excess Amount will be applied on each Interest Payment Date up to but excluding the Class B Redemption Date as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments and (ii) an amount equal to the Class A and Class B Liquidity Reserve Fund Release Amount will be applied on each Interest Payment Date up to and including the Class B Redemption Date to meet any Class A and Class B Liquidity Deficit existing on such Interest Payment Date against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order that they appear in the Pre-Enforcement Revenue Priority of Payments.

On the Class B Redemption Date only, all amounts standing to the credit of the Class A and Class B Liquidity Reserve Fund Ledger (after first having applied any Class A and Class B Liquidity Reserve Fund Release Amount in meeting any Class A and Class B Liquidity Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order they appear in the Pre-

Enforcement Revenue Priority of Payments and debiting such amount from the Class A and Class B Liquidity Reserve Fund Ledger) will be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments.

Following service of an Enforcement Notice on the Issuer, all amounts standing to the credit of the Class A and Class B Liquidity Reserve Fund Ledger will be applied in accordance with the Post-Enforcement Priority of Payments.

**Application of Available Revenue Receipts prior to the service of an Enforcement Notice on the Issuer**

On each relevant Interest Payment Date prior to the service of an Enforcement Notice by the Note Trustee on the Issuer, the Cash Manager, acting as the agent of the Issuer, shall apply or provide for the application of the Available Revenue Receipts in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (the "**Pre-Enforcement Revenue Priority of Payments**"):

- (a) *first*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
  - (i) any fees, costs, charges, Liabilities, expenses and all other amounts then due to the Note Trustee and any Appointee under the provisions of the Trust Deed and the other Transaction Documents together with (if payable) VAT thereon as provided therein; and
  - (ii) any fees, costs, charges, Liabilities, expenses and all other amounts then due to the Security Trustee and any Appointee under the provisions of the Deed of Charge and the other Transaction Documents together with (if payable) VAT thereon as provided therein;
- (b) *second*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof (in each case without double counting) of:
  - (i) any remuneration then due and payable to the Agent Bank, the Registrar and the Paying Agent and any fees, costs, charges, Liabilities and expenses then due to them under the provisions of the Agency Agreement, together with (if payable) VAT thereon as provided therein;
  - (ii) any amounts then due and payable to the Cash Manager and any fees, costs, charges, Liabilities and expenses then due under the provisions of the Cash Management Agreement, together with VAT (if payable) thereon as provided therein;
  - (iii) any amounts then due and payable to the Servicer and any fees (including the Base Fee), costs, charges, Liabilities and expenses then due under the provisions of the Servicing Agreement, inclusive of VAT (if payable) as provided therein;
  - (iv) any amounts then due and payable to the Back-Up Servicer Facilitator and any fees, costs, charges, Liabilities and expenses then due under the provisions of the Servicing Agreement, together with (if payable) VAT thereon as provided therein;
  - (v) any amounts then due and payable to the Corporate Services Provider and any fees, costs, charges, Liabilities and expenses then due under the provisions of the

- Corporate Services Agreement, together with (if payable) VAT thereon as provided therein;
- (vi) any amounts then due and payable to the Issuer Account Bank and any custodian and any fees, costs, charges, Liabilities and expenses then due under the provisions of the Bank Account Agreement and any Custody Agreement, together with (if applicable) VAT thereon as provided therein;
  - (vii) any amounts then due and payable to the Collection Account Bank and any fees, costs, charges, Liabilities and expenses then due under the provisions of the Collection Account Agreement, together with (if applicable) VAT thereon as provided therein;
  - (viii) if applicable, the fees, costs, liabilities and expenses of the securitisation repository or any other third party website provider;
- (c) *third*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
- (i) any amounts due and payable by the Issuer to third parties and incurred without breach by the Issuer of the Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere) and any amounts required to pay or discharge any liability of the Issuer for corporation tax of the Issuer (but only to the extent not capable of being satisfied out of amounts retained by the Issuer under item (e) below); and
  - (ii) any Transfer Costs which the Servicer has failed to pay pursuant to Clause 18.3 of the Servicing Agreement;
- (d) *fourth*, to provide for amounts due on the relevant Swap Payment Date, to pay, in or towards satisfaction of any amounts due to the Swap Provider in respect of the Swap Agreement (including any termination payment due and payable by the Issuer to the extent it is not satisfied by the payment by the Issuer to the Swap Provider of any Replacement Swap Premium or from the Swap Collateral Account Priority of Payments but excluding, if applicable, any related Hedge Subordinated Amounts);
- (e) *fifth*, to pay the Issuer an amount equal to £100 to be retained by the Issuer as profit in respect of the business of the Issuer (the "**Issuer Profit Amount**");
- (f) *sixth*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, interest due and payable on the Class A Notes;
- (g) *seventh*, (so long as the Class A Notes remain outstanding following such Interest Payment Date), to credit the Class A Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Redemption Receipts);
- (h) *eighth*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, interest due and payable on the Class B Notes;
- (i) *ninth*, to credit the Class A and Class B Liquidity Reserve Fund Ledger up to the Class A and Class B Liquidity Reserve Fund Required Amount;



- (j) *tenth*, (so long as the Class B Notes remain outstanding following such Interest Payment Date), to credit the Class B Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Redemption Receipts);
- (k) *eleventh*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, interest due and payable on the Class C Notes;
- (l) *twelfth*, (so long as the Class C Notes remain outstanding following such Interest Payment Date), to credit the Class C Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Redemption Receipts);
- (m) *thirteenth*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, interest due and payable on the Class D Notes;
- (n) *fourteenth*, (so long as the Class D Notes remain outstanding following such Interest Payment Date), to credit the Class D Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Redemption Receipts);
- (o) *fifteenth*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, interest due and payable on the Class E Notes;
- (p) *sixteenth*, (so long as the Class E Notes remain outstanding following such Interest Payment Date), to credit the Class E Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Redemption Receipts);
- (q) *seventeenth*, to credit the General Reserve Fund Ledger up to the General Reserve Fund Required Amount;
- (r) *eighteenth*, to provide for amounts due on the relevant Interest Payment Date, to pay in accordance with the terms of the Swap Agreement to the Swap Provider in respect of any Hedge Subordinated Amounts (to the extent not satisfied by payment to the Swap Provider by the Issuer of any applicable Replacement Swap Premium or from the Swap Collateral Account Priority of Payments);
- (s) *nineteenth*, on any Interest Payment Date occurring on or after the Optional Redemption Date or the Final Redemption Date an amount equal to the lesser of:
  - (i) all remaining amounts (if any); and
  - (ii) the amount required by the Issuer to pay in full all amounts payable under items (a) to (f) (inclusive) of the Pre-Enforcement Redemption Priority of Payments, less any Available Redemption Receipts (other than item (c) of the definition thereof) otherwise available to the Issuer,
 to be applied as Available Redemption Receipts;
- (t) *twentieth*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, interest due and payable on the Class X Notes;

- (u) *twenty-first*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari-passu*, principal due and payable on the Class X Notes until the Principal Amount Outstanding on the Class X Notes has been reduced to zero;
- (v) *twenty-second*, on any Interest Payment Date falling within a Determination Period, all remaining amounts to be credited to the Deposit Account to be applied on the next Interest Payment Date as Available Revenue Receipts; and
- (w) *twenty-third*, on any Interest Payment Date prior to (but excluding) the Optional Redemption Date any excess amounts *pro rata* and *pari passu* as RC1 Payments to the holders of the RC1 Residual Certificates and thereafter, any excess amounts *pro rata* and *pari passu* as RC2 Payments to the holders of the RC2 Residual Certificates.

As used in this Prospectus:

**"Accrued Interest"** means in respect of a Loan as at any date the aggregate of all interest accrued but not yet due and payable on the Loan from (and including) the monthly payment date immediately preceding the relevant date to (but excluding) the relevant date.

**"Appointee"** means any attorney, manager, agent, delegate, nominee, custodian, financial adviser or other professional adviser or other person properly appointed by the Note Trustee under the Trust Deed or the Security Trustee under the Deed of Charge (as applicable) to discharge any of its functions.

**"Arrears of Interest"** means as at any date in respect of any Loan, the aggregate of all interest (other than Capitalised Amounts) on that Loan which is currently due and payable and unpaid on that date.

**"Base Fee"** means a fee (inclusive of VAT, if any) that the Issuer shall pay to the Servicer, of up to an aggregate amount calculated on the basis of the number of days elapsed in each calendar month over a 365 day year (or over a 366 day year in a leap year), by applying a rate of 0.25 per cent. per annum on the aggregate Current Balance of the Loans (excluding any Enforced Loans) on the Collection Period Start Date at the start of the immediately preceding Collection Period, in consideration for the Servicer providing Services, being the cash management and incidental administration element of the Services and carrying out the other duties and obligations on its part set out in the Servicing Agreement;

**"Call Option Redemption Date"** means any Final Redemption Date falling on the Optional Purchase Completion Date.

**"Custody Agreement"** means any securities custody agreement opened from time to time by the Issuer, with the consent of the Security Trustee.

**"Early Repayment Charge"** means any charge (other than a Redemption Fee) which a Borrower is required to pay in the event that he or she repays all or any part of the relevant Loan before a specified date in the Mortgage Conditions.

**"Hedge Subordinated Amounts"** means, in relation to the Swap Agreement, the amount of any termination payment due and payable to the Swap Provider as a result of a Swap Provider Default or a Swap Provider Downgrade Event except to the extent such amount has already been paid pursuant to the Swap Collateral Account Priority of Payments.

**"Interest Period"** means the period from (and including) an Interest Payment Date (except in the case of the first Interest Period, which shall commence on (and include) the Closing Date) to (but excluding) the next following Interest Payment Date.

**"Redemption Fee"** means the standard redemption fee charged to the Borrower by the Servicer where the Borrower makes a repayment of the full outstanding principal of a Loan on the maturity date of such Loan.

**"Replacement Swap Agreement"** means an agreement between the Issuer and a replacement swap provider to replace the Swap Transaction.

**"Replacement Swap Premium"** means an amount received by the Issuer from a replacement swap provider, or an amount paid by the Issuer to a replacement swap provider, upon entry by the Issuer into a Replacement Swap Agreement.

**"Swap Collateral"** means the collateral provided by the Swap Provider to the Issuer under the Swap Agreement and includes any interest and distributions in respect thereof.

**"Swap Provider Default"** means the occurrence of an Event of Default (as defined in the Swap Agreement) where the Swap Provider is the defaulting party (as defined in the Swap Agreement).

**"Swap Provider Downgrade Event"** means the occurrence of an Additional Termination Event (as defined in the Swap Agreement) following the failure by the Swap Provider to comply with the requirements of the ratings downgrade provisions set out in the Swap Agreement.

**"Swap Tax Credits"** means any credit, allowance, set-off or repayment received by the Issuer in respect of tax from the tax authorities of any jurisdiction relating to any deduction or withholding giving rise to an increased payment by the Swap Provider to the Issuer under the terms of the Swap Agreement.

**"Transfer Costs"** means the Issuer's costs and expenses associated with the transfer of servicing to a substitute servicer.

### **Definition of Redemption Receipts**

**"Redemption Receipts"** means (a) principal repayments under the Loans (including payments of arrears of principal and Capitalised Amounts) other than any principal repayments comprising Optional Purchase Collections and the Optional Purchase Price received by the Issuer pursuant to the exercise of the Call Option, (b) recoveries of principal from defaulting Borrowers under Loans being enforced, (c) recoveries of principal from defaulting Borrowers under Loans in respect of which enforcement procedures relating to the sale of the property have been completed (including the proceeds of sale of the relevant Property, to the extent such proceeds of sale are deemed to be principal but excluding all amounts received following a sale of the relevant Property), (d) any payment pursuant to any insurance policy in respect of a Property in connection with a Loan in the Portfolio, to the extent such payment is deemed to be principal, (e) the proceeds of the repurchase of any Loan by the Seller from the Issuer pursuant to the Mortgage Sale Agreement (but for the avoidance of doubt, excluding amounts attributable to Accrued Interest and Arrears of Interest thereon as at the relevant repurchase date), and (f) any other payment received by the Issuer in the nature of principal.

**"Capitalised Amounts"** means, in relation to a Loan, at any date, amounts which are due or overdue in respect of that Loan (other than any principal amounts) and which as at that date have been capitalised in accordance with the Mortgage Conditions or otherwise by arrangement with the relevant Borrower and any other amounts (including fees and expenses), capitalised in accordance with the Capitalisation Policy.

## Definition of Available Redemption Receipts

"**Available Redemption Receipts**" means for any Interest Payment Date an amount equal to the aggregate of (without double counting):

- (a) all Redemption Receipts or, if in a Determination Period, any Calculated Redemption Receipts, in each case excluding an amount equal to any Reconciliation Amounts to be applied as Available Revenue Receipts on that Interest Payment Date, received by the Issuer:
  - (i) during the immediately preceding Collection Period; or
  - (ii) if representing amounts received in respect of any repurchases of Loans and their Related Security that were repurchased by the Seller or the Original Seller or the Legal Title Holder pursuant to the Mortgage Sale Agreement, received by the Issuer from but excluding the Collection Period Start Date immediately preceding the immediately preceding Interest Payment Date (or, in the case of the first Interest Payment Date, from and including the Closing Date) to and including the immediately preceding Collection Period Start Date;
- (b) the amounts (if any) calculated on the Calculation Date preceding that Interest Payment Date pursuant to the Pre-Enforcement Revenue Priority of Payments, to be the amount by which the debit balance of each of the Class A Principal Deficiency Sub-Ledger and/or the Class B Principal Deficiency Sub-Ledger and/or the Class C Principal Deficiency Sub-Ledger and/or the Class D Principal Deficiency Sub-Ledger and/or the Class E Principal Deficiency Sub-Ledger is to be reduced on that Interest Payment Date;
- (c) any amounts deemed to be Available Redemption Receipts in accordance with item (s) of the Pre-Enforcement Revenue Priority of Payments (the "**Enhanced Amortisation Amounts**");
- (d) on the Final Redemption Date only, all amounts standing to the credit of the General Reserve Fund (after first having applied any Class A and Class B Liquidity Reserve Fund Release Amounts in meeting any Class A and Class B Liquidity Deficit and then any General Reserve Fund Release Amount in meeting any Revenue Deficit against the relevant item in the Pre-Enforcement Revenue Priority of Payments in the order they appear in the Pre-Enforcement Revenue Priority of Payments and debiting such amounts from the Class A and Class B Liquidity Reserve Fund Ledger and/or the General Reserve Fund Ledger in accordance with the Pre-Enforcement Revenue Priority of Payments, in each case on such Final Redemption Date);
- (e) on each Interest Payment Date following a Determination Period, any Reconciliation Amounts deemed to be Available Redemption Receipts in accordance with Condition 6.8(c) (*Determinations and Reconciliation*); and
- (f) (in respect of the first Interest Payment Date only) the amount paid into the Deposit Account on the Closing Date from the excess of the proceeds of the Collateralised Notes over the Initial Consideration.

## Application of Available Redemption Receipts prior to the service of an Enforcement Notice on the Issuer

Prior to the service of an Enforcement Notice on the Issuer, the Cash Manager on behalf of the Issuer is required pursuant to the terms of the Cash Management Agreement to apply Available Redemption Receipts on each Interest Payment Date in the following order of priority (the "**Pre-Enforcement**

**Redemption Priority of Payments")** (in each case only if and to the extent that payments or provisions of a higher priority have been paid in full):

- (a) *first*, any Principal Addition Amounts to be applied to meet any Senior Expenses Deficit;
- (b) *second*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class A Notes until the Principal Amount Outstanding on the Class A Notes has been reduced to zero;
- (c) *third*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class B Notes until the Principal Amount Outstanding on the Class B Notes has been reduced to zero;
- (d) *fourth*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class C Notes until the Principal Amount Outstanding on the Class C Notes has been reduced to zero;
- (e) *fifth*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class D Notes until the Principal Amount Outstanding on the Class D Notes has been reduced to zero;
- (f) *sixth*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class E Notes until the Principal Amount Outstanding on the Class E Notes has been reduced to zero;
- (g) *seventh*, any excess amounts as Available Revenue Receipts.

**Distributions following the service of an Enforcement Notice on the Issuer**

After an Enforcement Notice has been served on the Issuer, the Security Trustee (or the Cash Manager on its behalf) or any Receiver appointed by the Security Trustee in connection with the enforcement of the Security will apply all amounts received or recovered other than:

- (a) any amount standing to the credit of the Swap Collateral Account which will be applied in accordance with the Swap Collateral Account Priority of Payments (other than any amount to be applied as Swap Collateral Account Surplus in accordance with the Swap Collateral Account Priority of Payments); and
- (b) any amount standing to the credit of the Issuer Profit Ledger, which shall be applied by the Issuer in or towards satisfaction of any liability of the Issuer for corporation tax of the Issuer,

in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (the "**Post-Enforcement Priority of Payments**" and, together with the Pre-Enforcement Revenue Priority of Payments and the Pre-Enforcement Redemption Priority of Payments, the "**Priority of Payments**");

- (a) *first*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof of:
  - (i) any fees, costs, charges, Liabilities, expenses and all other amounts then due and payable to the Note Trustee, Receiver and any Appointee under the provisions of the Trust Deed and the other Transaction Documents, together with (if payable) VAT thereon as provided therein; and

- (ii) any fees, costs, charges, Liabilities, expenses and all other amounts then due and payable to the Security Trustee, Receiver and any Appointee under the provisions of the Deed of Charge and the other Transaction Documents, together with (if payable) VAT thereon as provided therein;
- (b) *second*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof of:
  - (i) any remuneration then due and payable to the Agent Bank, the Registrar and the Paying Agent and any costs, charges, Liabilities and expenses then due and payable to them under the provisions of the Agency Agreement, together with (if payable) VAT thereon as provided therein;
  - (ii) any amounts then due and payable to the Cash Manager and any fees, costs, charges, Liabilities and expenses then due under the provisions of the Cash Management Agreement, together with VAT (if payable) thereon as provided therein;
  - (iii) any amounts then due and payable to the Servicer and any fees (including the Base Fee), costs, charges, Liabilities and expenses then due under the provisions of the Servicing Agreement, inclusive of VAT (if payable) thereon as provided therein;
  - (iv) any amounts then due and payable to the Back-Up Servicer Facilitator and any fees, costs, charges, Liabilities and expenses then due under the provisions of the Servicing Agreement, together with (if payable) VAT thereon as provided therein;
  - (v) any amounts then due and payable to the Corporate Services Provider and any fees, costs, charges, Liabilities and expenses then due and payable to the Corporate Services Provider under the provisions of the Corporate Services Agreement together with (if payable) VAT thereon as provided therein;
  - (vi) any amounts then due and payable to the Issuer Account Bank and any custodian and any fees, costs, charges, Liabilities and expenses then due and payable to the Issuer Account Bank under the provisions of the Bank Account Agreement and any Custody Agreement, together with (if payable) VAT thereon as provided therein;
  - (vii) any amounts then due and payable to the Collection Account Bank and any fees, costs, charges, Liabilities and expenses then due under the provisions of the Collection Account Agreement, together with (if applicable) VAT thereon as provided therein; and
  - (viii) if applicable, the fees, costs, liabilities and expenses of the securitisation repository or any other third party website provider;
- (c) *third*, to pay in or towards satisfaction of any amounts due to the Swap Provider in respect of the Swap Agreement (including any termination payment due and payable by the Issuer to the extent it is not satisfied by any payments by the Issuer to the Swap Provider under the Swap Collateral Account Priority of Payments but excluding, if applicable, any related Hedge Subordinated Amounts);

- (d) *fourth*, to pay, *pro rata* and *pari passu*, according to the respective outstanding amounts thereof interest and principal due and payable on the Class A Notes until the Principal Amount Outstanding on the Class A Notes has been reduced to zero;
- (e) *fifth*, to pay, *pro rata* and *pari passu*, according to the respective outstanding amounts thereof, interest and principal due and payable on the Class B Notes until the Principal Amount Outstanding on the Class B Notes has been reduced to zero;
- (f) *sixth*, to pay, *pro rata* and *pari passu*, according to the respective outstanding amounts thereof, interest and principal due and payable on the Class C Notes until the Principal Amount Outstanding on the Class C Notes has been reduced to zero;
- (g) *seventh*, to pay, *pro rata* and *pari passu*, according to the respective outstanding amounts thereof, interest and principal due and payable on the Class D Notes until the Principal Amount Outstanding on the Class D Notes has been reduced to zero;
- (h) *eighth*, to pay, *pro rata* and *pari passu*, according to the respective outstanding amounts thereof, interest and principal due and payable on the Class E Notes until the Principal Amount Outstanding on the Class E Notes has been reduced to zero;
- (i) *ninth*, to pay in accordance with the terms of the Swap Agreement to the Swap Provider in respect of any Hedge Subordinated Amounts (to the extent not satisfied by payment to the Swap Provider by the Issuer of any applicable amount under the Swap Collateral Account Priority of Payments);
- (j) *tenth*, to pay, *pro rata* and *pari passu*, according to the respective outstanding amounts thereof, interest and principal due and payable on the Class X Notes until the Principal Amount Outstanding on the Class X Notes has been reduced to zero;
- (k) *eleventh*, to pay, *pro rata* and *pari passu*, amounts due and payable to third parties (if any);
- (l) *twelfth*, to pay the Issuer Profit Amount and any corporation tax of the Issuer not otherwise able to be paid from amounts standing to the credit of the Issuer Profit Ledger; and
- (m) *thirteenth*, on any Interest Payment Date prior to (but excluding) the Optional Redemption Date to pay any excess amounts, *pro rata* and *pari passu* as RC1 Payments to the holders of the RC1 Residual Certificates and thereafter to pay any excess amounts, *pro rata* and *pari passu*, on such Interest Payment Date, as RC2 Payments to the holders of the RC2 Residual Certificates.

#### ***Disclosure of modifications to the Priority of Payments***

Any events which trigger changes in any Priority of Payments and any change in any Priority of Payments which will materially adversely affect the repayment of the Notes shall be disclosed by the Issuer without undue delay to the extent required under Article 21(9) of the Securitisation Regulation.

#### ***Swap Collateral***

In the event that the Swap Provider is required to transfer collateral to the Issuer in respect of its obligations under the Swap Agreement (the "**Swap Collateral**") in accordance with the terms of the Credit Support Annex of the Swap Agreement (the "**Swap Credit Support Annex**"), that Swap Collateral (and any interest and/or distributions earned thereon) will be credited to a separate swap collateral account (the "**Swap Collateral Account**") and credited to the Swap Collateral Ledger. In

addition, upon any early termination of the Swap Agreement (a) any Replacement Swap Premium received by the Issuer from a replacement swap provider, (b) any termination payment received by the Issuer from the outgoing Swap Provider and (c) any Swap Tax Credits will be credited to the Swap Collateral Account and recorded on the Swap Collateral Ledger.

Amounts and securities standing to the credit of each Swap Collateral Account (including interest, distributions and redemption or sale proceeds thereon or thereof) and recorded on the Swap Collateral Ledger will not be available for the Issuer or the Security Trustee to make payments to the Secured Creditors generally, but may be applied by the Cash Manager only in accordance with the following provisions in accordance with the instructions of the Swap Provider or the Servicer (the "**Swap Collateral Account Priority of Payments**"):

- (a) to pay an amount equal to any Swap Tax Credits received by the Issuer to the relevant Swap Provider;
- (b) prior to the designation of an Early Termination Date (as defined in the Swap Agreement, the "**Early Termination Date**") in respect of the Swap Agreement, solely in or towards payment or discharge of any Return Amounts (as defined in the Swap Credit Support Annex), Interest Amounts and Distributions (as defined in the Swap Credit Support Annex), on any day, directly to the Swap Provider;
- (c) following the designation of an Early Termination Date in respect of the Swap Agreement where (A) such Early Termination Date has been designated following a Swap Provider Default or Swap Provider Downgrade Event and (B) the Issuer enters into a Replacement Swap Agreement in respect of the Swap Agreement on or around the Early Termination Date of the Swap Agreement, on the later of the day on which such Replacement Swap Agreement is entered into, the day on which a termination payment (if any) payable to the Issuer has been received and the day on which a Replacement Swap Premium (if any) payable to the Issuer has been received, in the following order of priority:
  - (i) *first*, in or towards payment of a Replacement Swap Premium (if any) payable by the Issuer to a replacement swap provider in order to enter into a Replacement Swap Agreement with the Issuer with respect to the Swap Agreement being terminated;
  - (ii) *second*, in or towards payment of any termination payment due to the outgoing Swap Provider; and
  - (iii) *third*, the surplus (if any) on such day to be transferred to the Deposit Account to be applied as Available Revenue Receipts;
- (d) following the designation of an Early Termination Date in respect of the Swap Agreement where: (A) such Early Termination Date has been designated otherwise than as a result of one of the events specified at item (c)(A) above, and (B) the Issuer enters into a Replacement Swap Agreement in respect of the Swap Agreement on or around the Early Termination Date of the Swap Agreement, on the later of the day on which such Replacement Swap Agreement is entered into, the day on which a termination payment (if any) payable to the Issuer has been received and the day on which a Replacement Swap Premium (if any) payable to the Issuer has been received, in the following order of priority:
  - (i) *first*, in or towards payment of any termination payment due to the outgoing Swap Provider;



- (ii) *second*, in or towards payment of a Replacement Swap Premium (if any) payable by the Issuer to a replacement swap provider in order to enter into a Replacement Swap Agreement with the Issuer with respect to the Swap Agreement being terminated; and
  - (iii) *third*, any surplus on such day to be transferred to the Deposit Account to be applied as Available Revenue Receipts;
- (e) following the designation of an Early Termination Date in respect of the Swap Agreement for any reason where the Issuer does not enter into a Replacement Swap Agreement in respect of the Swap Agreement on or around the Early Termination Date of the Swap Agreement and, on the date on which the relevant payment is due, in or towards payment of any termination payment due to the outgoing Swap Provider; and
- (f) following payments of amounts due pursuant to paragraph (e) above, if amounts remain standing to the credit of a Swap Collateral Account, such amounts may be applied only in accordance with the following provisions:
  - (i) *first*, in or towards payment of a Replacement Swap Premium (if any) payable by the Issuer to a replacement swap provider in order to enter into a Replacement Swap Agreement with the Issuer with respect to the Swap Agreement; and
  - (ii) *second*, any surplus remaining after payment of such Replacement Swap Premium to be transferred to the Deposit Account to be applied as Available Revenue Receipts,

*provided* that for so long as the Issuer does not enter into a Replacement Swap Agreement with respect to the Swap Agreement, on each Swap Payment Date, the Issuer (or the Cash Manager on its behalf) will be permitted to withdraw an amount from the Swap Collateral Account (which shall be debited to the Swap Collateral Ledger), equal to the excess of the Swap Provider Swap Amount over the Issuer Swap Amount which would have been paid by the Swap Provider to the Issuer on such Swap Payment Date but for the designation of an Early Termination Date under the Swap Agreement, such surplus to be transferred to the Deposit Account to be applied as Available Revenue Receipts; and

*provided further* that for so long as the Issuer does not enter into a Replacement Swap Agreement with respect to the Swap Agreement on or prior to the earlier of:

- (A) the Calculation Date immediately before the Interest Payment Date on which the Principal Amount Outstanding of all Collateralised Notes would be reduced to zero (taking into account any Swap Collateral Account Surplus to be applied as Available Revenue Receipts on such Interest Payment Date); or
- (B) the day on which an Enforcement Notice is given pursuant to Condition 11 (*Events of Default*); or
- (C) the date on which the Current Balance of the Fixed Rate Loans (excluding any Enforced Loans) is reduced to zero,

then the amount standing to the credit of such Swap Collateral Account on such day shall be transferred to the Deposit Account to be applied as Available Revenue Receipts as soon as reasonably practicable thereafter.

**"Swap Collateral Account Surplus"** means the amounts applied as Available Revenue Receipts pursuant to the Swap Collateral Account Priority of Payments.

The Swap Collateral Account will be opened in the name of the Issuer and will be held at a financial institution which satisfies the Account Bank Rating. A Swap Collateral Account and Swap Collateral Ledger will be established and maintained in respect of the Swap Agreement. As security for the payment of all monies payable in respect of the Notes and the other Secured Obligations, the Issuer will grant a first fixed charge over the Issuer's interest in the Swap Collateral Account and the debts represented thereby (which may, however, take effect as a floating charge and therefore rank behind the claims of any preferential creditors of the Issuer).

## DESCRIPTION OF THE GLOBAL NOTES

### General

Each Class of Notes as at the Closing Date will each be represented by a Global Note. All capitalised terms not defined in this paragraph shall be as defined in the Conditions of the Notes.

The Global Notes will be registered in the name of the nominee for the Common Safekeeper for both Euroclear and Clearstream, Luxembourg. The Registrar will maintain a register in which it will register the nominee for the Common Safekeeper as the owner of the Global Note.

Upon confirmation by the Common Safekeeper that it has custody of the Global Notes, Euroclear or Clearstream, Luxembourg, as the case may be, will record in book-entry form interests representing beneficial interests in the Global Note attributable thereto ("**Book-Entry Interests**").

Book-Entry Interests in respect of each Global Note will be recorded in denominations of £100,000 and higher integral multiples of £1,000 (an "**Authorised Denomination**"). Ownership of Book-Entry Interests is limited to persons that have accounts with Euroclear or Clearstream, Luxembourg ("**Participants**") or persons that hold interests in the Book-Entry Interests or the Residual Certificate Book-Entry Interests through Participants or through other Indirect Participants ("**Indirect Participants**"), including, as applicable, banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with Euroclear or Clearstream, Luxembourg, either directly or indirectly. Book-Entry Interests will not be held in definitive form. Instead, Euroclear and Clearstream, Luxembourg, as applicable, will credit the Participants' accounts with the respective Book-Entry Interests beneficially owned by such Participants on each of their respective book-entry registration and transfer systems. The accounts initially credited will be designated by the Joint Lead Managers. Ownership of Book-Entry Interests will be shown on, and transfers of Book-Entry Interests or the interests therein will be effected only through, records maintained by Euroclear or Clearstream, Luxembourg (with respect to the interests of their Participants) and on the records of Participants or Indirect Participants (with respect to the interests of Indirect Participants). The laws of some jurisdictions or other applicable rules may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may therefore impair the ability to own, transfer or pledge Book-Entry Interests.

So long as a nominee for the Common Safekeeper is the registered holder of the Global Note underlying the Book-Entry Interests, the nominee for the Common Safekeeper will be considered the sole Noteholder of the Global Note for all purposes under the Trust Deed. Except as set out under "*Issuance of Registered Definitive Notes*", below, Participants or Indirect Participants will not be entitled to have Notes registered in their names, will not receive or be entitled to receive physical delivery of the Notes in definitive registered form and will not be considered the holders thereof under the Trust Deed. Accordingly, each person holding a Book-Entry Interest must rely on the rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be, and Indirect Participants must rely on the procedures of the Participants or Indirect Participants through which such person owns its interest in the relevant Book-Entry Interests, to exercise any rights and obligations of a holder of the Notes under the Trust Deed. See "*Action in respect of the Global Notes and the Book-Entry Interests*", below.

Unlike legal owners or holders of the Notes, holders of the Book-Entry Interests will not have the right under the Trust Deed to act upon solicitations by the Issuer or consents or requests by the Issuer for waivers or other actions from Noteholders. Instead, a holder of Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear or Clearstream, Luxembourg, as the case may be, and, if applicable, their Participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable

holders of Book-Entry Interests to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Event of Default under the Global Note, holders of Book-Entry Interests will be restricted to acting through Euroclear or Clearstream, Luxembourg unless and until Registered Definitive Notes are issued in accordance with the Conditions. There can be no assurance that the procedures to be implemented by Euroclear and Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed.

In the case of a Global Note, unless and until Book-Entry Interests are exchanged for Registered Definitive Notes, the Global Note held by the Common Safekeeper may not be transferred except as a whole by the Common Safekeeper to a successor of the Common Safekeeper.

Purchasers of Book-Entry Interests in a Global Note will hold Book-Entry Interests in the Global Note relating thereto. Investors may hold their Book-Entry Interests in respect of a Global Note directly through Euroclear or Clearstream, Luxembourg (in accordance with the provisions set out under "*Transfers and Transfer Restrictions*", below), if they are account holders in such systems, or indirectly through organisations which are account holders in such systems. Euroclear and Clearstream, Luxembourg will hold Book-Entry Interests in the Global Note on behalf of their account holders through securities accounts in the respective account holders' names on Euroclear's and Clearstream, Luxembourg's respective book-entry registration and transfer systems.

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

### **Payments on the Global Notes**

Payment of principal and interest on, and any other amount due in respect of, the Global Notes will be made in Sterling by or to the order of Elavon Financial Services DAC, UK Branch (the "**Principal Paying Agent**"), on behalf of the Issuer to the order of the Common Safekeeper or its nominee as the registered holder thereof with respect to the Global Notes. Each holder of Book-Entry Interests must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of any amounts paid by or on behalf of the Issuer to the order of the Common Safekeeper or their nominees in respect of those Book-Entry Interests. All such payments will be distributed without deduction or withholding for or on account of any taxes, duties, assessments or other governmental charges of whatever nature except as may be required by law. If any such deduction or withholding is required to be made, then neither the Issuer, the Paying Agents nor any other person will be obliged to pay additional amounts in respect thereof.

In accordance with the rules and procedures for the time being of Euroclear or, as the case may be, Clearstream, Luxembourg, after receipt of any payment from the Principal Paying Agent to the order of the Common Safekeeper, the respective systems will promptly credit their Participants' accounts with payments in amounts proportionate to their respective ownership of Book-Entry Interests as shown in the records of Euroclear or Clearstream, Luxembourg. On each record date (the "**Record Date**") Euroclear and Clearstream, Luxembourg will determine the identity of the Noteholders for the purposes of making payments to the Noteholders. The Record Date in respect of the Notes (i) where the Notes are in global registered form, shall be at the close of the Business Day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) prior to the relevant Interest Payment Date and (ii) where the Notes are in definitive registered form, shall be the date falling 15 days prior to the relevant Interest Payment Date. The Issuer expects that payments by Participants to owners of interests in Book-Entry Interests held through such Participants or Indirect

Participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participants or Indirect Participants. None of the Issuer, any agent of the Issuer, the Arranger, the Joint Lead Managers, the Note Trustee or the Security Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of a Participant's ownership of Book-Entry Interests or for maintaining, supervising or reviewing any records relating to a Participant's ownership of Book-Entry Interests.

### **Information Regarding Euroclear and Clearstream, Luxembourg**

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

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

Euroclear and Clearstream, Luxembourg each provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deal with domestic securities markets in several countries through established depositary and custodial relationships. The respective systems of Euroclear and of Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective account holders may settle trades with each other.

Account holders in both Euroclear and Clearstream, Luxembourg are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to both Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

An account holder's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under such rules and operating procedures only on behalf of their respective account holders, and have no record of or relationship with persons holding through their respective account holders.

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

### **Redemption**

In the event that a Global Note (or portion thereof) is redeemed, the Principal Paying Agent will deliver all amounts received by it in respect of the redemption of such Global Note to the order of the Common Safekeeper and, upon final payment, will surrender such Global Note (or portion thereof) to or to the order of the Principal Paying Agent for cancellation. Appropriate entries will be made in the Register. The redemption price payable in connection with the redemption of Book-Entry Interests will be equal to the amount received by the Principal Paying Agent in connection with the redemption of the Global Note (or portion thereof) relating thereto. For any redemptions of the Global Note in part, selection of the relevant Book-Entry Interest relating thereto to be redeemed will be made by

Euroclear or Clearstream, Luxembourg, as the case may be, on a *pro rata* basis (or on such basis as Euroclear or Clearstream, Luxembourg, as the case may be, deems fair and appropriate). Upon any redemption in part, the Principal Paying Agent will mark down the schedule to such Global Note by the principal amount so redeemed.

### **Cancellation**

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

### **Transfers and Transfer Restrictions**

All transfers of Book-Entry Interests will be recorded in accordance with the book-entry systems maintained by Euroclear or Clearstream, Luxembourg, as applicable, pursuant to customary procedures established by each respective system and its Participants. See "*General*" above.

### **Issuance of Registered Definitive Notes**

Holders of Book-Entry Interests in the Global Note will be entitled to receive Notes in definitive registered form (such as exchanged Global Notes in definitive registered form, "**Registered Definitive Notes**") in exchange for their respective holdings of Book-Entry Interests if (a) both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business or to cease to make book-entry systems available for settlement of beneficial interests in such Global Notes and do in fact do either of those things and no alternative clearing system satisfactory to the Note Trustee is available or (b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political subdivision thereof) or of any authority therein or thereof having power to tax or in the interpretation or administration by a revenue authority or a court or in the administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the Notes which would not be required were the Notes in definitive registered form. Any Registered Definitive Notes issued in exchange for Book-Entry Interests in the Global Note will be registered by the Registrar in such name or names as the Issuer shall instruct the Principal Paying Agent based on the instructions of Euroclear or Clearstream, Luxembourg, as the case may be. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, Luxembourg from their Participants with respect to ownership of the relevant Book-Entry Interests. Holders of Registered Definitive Notes issued in exchange for Book-Entry Interests in the Global Note will not be entitled to exchange such Registered Definitive Notes for Book-Entry Interests in such Global Note. Any Notes issued in definitive form will be issued in registered form only and will be subject to the provisions set out under "*Transfers and Transfer Restrictions*" above and provided that no transfer shall be registered for a period of 15 days immediately preceding any due date for payment in respect of the Note or, as the case may be, the due date for redemption. Registered Definitive Notes will be issued in a denomination that is an integral multiple of the minimum Authorised Denomination. See "*Risk Factors – Registered Definitive Notes and denominations in integral multiples*" above.

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

Not later than 10 days after receipt by the Issuer of any notices in respect of a Global Note or any notice of solicitation of consents or requests for a waiver or other action by the holder of such Global Note, the Issuer will deliver to Euroclear and Clearstream, Luxembourg a notice containing (a) such information as is contained in such notice, (b) a statement that at the close of business on a specified

record date Euroclear and Clearstream, Luxembourg will be entitled to instruct the Issuer as to the consent, waiver or other action, if any, pertaining to the Book-Entry Interests or the Global Note and (c) a statement as to the manner in which such instructions may be given. Upon the written request of Euroclear or Clearstream, Luxembourg, as applicable, the Issuer shall endeavour insofar as practicable to take such action regarding the requested consent, waiver or other action in respect of the Book-Entry Interests or the Global Note in accordance with any instructions set out in such request. Euroclear or Clearstream, Luxembourg are expected to follow the procedures described under "*General*" above with respect to soliciting instructions from their respective Participants. The Registrar will not exercise any discretion in the granting of consents or waivers or the taking of any other action in respect of the Book-Entry Interests or the Global Notes.

## **Notices**

Whilst the Notes are represented by Global Notes the Issuer may, at its option, send to Euroclear and Clearstream, Luxembourg a copy of any notices addressed to Noteholders for communication by Euroclear and Clearstream, Luxembourg to the Noteholders. Alternatively, such notices regarding the Notes may instead be published in the *Financial Times* or, if such newspaper shall cease to be published or if timely publication therein is not practicable, in such other English newspaper or newspapers as the Note Trustee shall approve in advance having a general circulation in the United Kingdom; provided that if, at any time, the Issuer procures that the information contained in such notice shall appear on a page of the Reuters screen, the Bloomberg screen or any other medium for electronic display of data as may be previously approved in writing by the Note Trustee and notified to Noteholders, publication in such newspaper shall not be required with respect to such information so long as the rules of Euronext Dublin allow. The Issuer may elect not to publish any notice in a newspaper for so long as the Notes are held in global form and notice is given to Euroclear and Clearstream, Luxembourg. The Note Trustee may, in accordance with Condition 16.2 (*Note Trustee's Discretion to Select Alternative Method*) sanction other methods of giving notice to all or some of the Noteholders if such method is reasonable having regard to, among other things, the market practice then prevailing and the requirements of the relevant stock exchange. See also Condition 16 (*Notice to Noteholders*) of the Notes.

## **New Safekeeping Structure and Eurosystem Eligibility**

The Notes are intended to be held in a new safekeeping structure ("**NSS**") and in a manner which would allow Eurosystem eligibility and will be deposited with one of the ICSDs as common safekeeper. However, the deposit of the Notes with one of the ICSDs as common safekeeper upon issuance or otherwise does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at issuance or at any time during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

## **Issuer-ICSDs Agreement**

Prior to the issuance of the Notes, the Issuer will enter into an Issuer-ICSDs Agreement with the ICSDs in respect of the Notes. The Issuer-ICSDs Agreement provides that the ICSDs will, in respect of any of the Notes (while being held in the NSS), maintain their respective portion of the issue outstanding amount through their records. The Issuer-ICSDs Agreement will be governed by English law.

## DESCRIPTION OF THE GLOBAL RESIDUAL CERTIFICATES

### General

Each Class of Residual Certificates, as at the Closing Date, will be represented by a Global Residual Certificate. The Global Residual Certificates will be registered on issue on or around the Closing Date in the name of the nominee for the Common Safekeeper for Euroclear Bank SA / NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**"). The Registrar will maintain a register in which it will register the nominee for the Common Safekeeper as the holder of the Global Residual Certificate.

Upon confirmation by the Common Safekeeper that it has been issued with the Global Residual Certificates, Euroclear or Clearstream, Luxembourg, as the case may be, will record the beneficial interests in the Global Residual Certificate ("**Residual Certificate Book-Entry Interests**") representing beneficial interests in the Global Residual Certificate attributable thereto.

Ownership of Residual Certificate Book-Entry Interests will be limited to Participants or Indirect Participants, including, as applicable, banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with Euroclear or Clearstream, Luxembourg, either directly or indirectly. Indirect Participants will also include persons that hold beneficial interests through such Indirect Participants. Residual Certificate Book-Entry Interests will not be held in definitive form. Instead, Euroclear and Clearstream, Luxembourg, as applicable, will credit the Participants' accounts with the respective Residual Certificate Book-Entry Interests beneficially owned by such Participants on each of their respective book-entry registration and transfer systems. The accounts initially credited will be designated by the Seller (or as the Seller may direct). Ownership of Residual Certificate Book-Entry Interests will be shown on, and transfers of Residual Certificate Book-Entry Interests or the interests therein will be effected only through, records maintained by Euroclear or Clearstream, Luxembourg (with respect to the interests of their Participants) and on the records of Participants or Indirect Participants (with respect to the interests of Indirect Participants). The laws of some jurisdictions or other applicable rules may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may therefore impair the ability to own, transfer or pledge Residual Certificate Book-Entry Interests.

So long as the nominee of the Common Safekeeper is the registered holder of the Global Residual Certificate underlying the Residual Certificate Book-Entry Interests, it will be considered the sole Certificateholder of the Residual Certificate represented by that Global Residual Certificate for all purposes under the Trust Deed. Except as set out under the section below entitled "*Issuance of Definitive Residual Certificates*", Participants or Indirect Participants will not receive or be entitled to receive physical delivery of Residual Certificates in definitive form and will not be considered the holders thereof under the Trust Deed. Accordingly, each person holding a Residual Certificate Book-Entry Interest must rely on the rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be, and Indirect Participants must rely on the procedures of the Participants or Indirect Participants through which such person owns its interest in the relevant Residual Certificate Book-Entry Interests, to exercise any rights and obligations of a holder of Residual Certificates under the Trust Deed. See the section below entitled "*Action in respect of the Global Residual Certificate and the Residual Certificate Book-Entry Interests*".

Unlike legal owners or holders of the Residual Certificates, holders of the Residual Certificate Book-Entry Interests will not have the right under the Trust Deed to act upon solicitations by the Issuer or consents or requests by the Issuer for waivers or other actions from Certificateholders. Instead, a holder of Residual Certificate Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear or Clearstream, Luxembourg, as the case may be, and, if applicable, their Participants. There can be no assurance that procedures



implemented for the granting of such proxies will be sufficient to enable holders of Residual Certificate Book-Entry Interests to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Event of Default, holders of Residual Certificate Book-Entry Interests will be restricted to acting through Euroclear or Clearstream, Luxembourg unless and until Definitive Residual Certificates are issued in accordance with the Residual Certificates Conditions. There can be no assurance that the procedures to be implemented by Euroclear and Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed.

Unless and until Residual Certificate Book-Entry Interests are exchanged for Definitive Residual Certificates, the Global Residual Certificate held by the nominee for the Common Safekeeper may not be transferred except as a whole by that nominee for the Common Safekeeper to a successor nominee for that Common Safekeeper or a nominee of a successor of the Common Safekeeper.

Purchasers of Residual Certificate Book-Entry Interests in a Global Residual Certificate will hold Residual Certificate Book-Entry Interests in the Global Residual Certificates relating thereto. Investors may hold their Residual Certificate Book-Entry Interests in respect of a Global Residual Certificate directly through Euroclear or Clearstream, Luxembourg (in accordance with the provisions set out in the section below entitled "*Transfers and Transfer Restrictions*"), if they are account holders in such systems, or indirectly through organisations which are account holders in such systems. Euroclear and Clearstream, Luxembourg will hold Residual Certificate Book-Entry Interests in the Global Residual Certificate on behalf of their account holders through securities accounts in the respective account holders' names on Euroclear's and Clearstream, Luxembourg's respective book-entry registration and transfer systems.

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

### **Issuance of Definitive Residual Certificates**

Global Residual Certificates will become exchangeable in whole, but not in part, for Definitive Residual Certificates at the request of the holder of the relevant Global Residual Certificate if Euroclear or Clearstream, Luxembourg closes for business on a permanent basis without a successor to act as a clearing system with respect to the Global Residual Certificate (the "**Exchange Event**").

Any Definitive Residual Certificate issued in exchange for Residual Certificate Book-Entry Interests in the Global Residual Certificate will be registered by the Registrar in such name or names as the Issuer shall instruct the Principal Paying Agent based on the instructions of Euroclear or Clearstream, Luxembourg, as the case may be. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, Luxembourg from their Participants with respect to ownership of the relevant Residual Certificate Book-Entry Interests. Whenever a Global Residual Certificate is to be exchanged for Definitive Residual Certificates, the Issuer shall procure the prompt delivery (free of charge to the holders of the Residual Certificate Book-Entry Interests) of such Definitive Residual Certificates, duly authenticated and effectuated, in an aggregate principal amount equal to the principal amount of the relevant Global Residual Certificate within 30 days of the occurrence of the Exchange Event.

## **Payments on the Global Residual Certificates**

Payment of amounts due in respect of the Global Residual Certificates will be made in Sterling by or to the order of the Principal Paying Agent on behalf of the Issuer to the order of the Common Safekeeper or its nominee as the registered holder thereof with respect to the Global Residual Certificates.

Each holder of Residual Certificate Book-Entry Interests must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of any amounts paid by or on behalf of the Issuer to the order of the Common Safekeeper or its nominee in respect of those Residual Certificate Book-Entry Interests. All such payments will be distributed without deduction or withholding for any taxes, duties, assessments or other governmental charges of whatever nature except as may be required by law. If any such deduction or withholding is required to be made, then none of the Issuer, the Principal Paying Agent or any other person will be obliged to pay additional amounts in respect thereof.

In accordance with the rules and procedures for the time being of Euroclear or, as the case may be, Clearstream, Luxembourg, after receipt of any payment from the Principal Paying Agent to the Common Safekeeper, the respective systems will promptly credit their Participants' accounts with payments in amounts proportionate to their respective ownership of Residual Certificate Book-Entry Interests as shown in the records of Euroclear or Clearstream, Luxembourg. On each record date (the "**Record Date**"), Euroclear and Clearstream, Luxembourg will determine the identity of the Participants for the purposes of making payments under the Residual Certificates. The Record Date in respect of the Residual Certificates shall be as at the close of business on the Business Day prior to the relevant Interest Payment Date. The Issuer expects that payments by Participants to owners of interests in Residual Certificate Book-Entry Interests held through such Participants or Indirect Participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participants or Indirect Participants. None of the Issuer, any agent of the Issuer, the Arranger, the Joint Lead Managers, the Note Trustee or the Security Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of a Participant's ownership of Residual Certificate Book-Entry Interests or for maintaining, supervising or reviewing any records relating to a Participant's ownership of Residual Certificate Book-Entry Interests.

## **Information Regarding Euroclear and Clearstream, Luxembourg**

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

- Euroclear and Clearstream, Luxembourg each hold securities for their account holders and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders, thereby eliminating the need for physical movements of Residual Certificates and any risk from lack of simultaneous transfers of securities.
- Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing.
- Euroclear and Clearstream, Luxembourg each also deal with domestic securities markets in several countries through established depositary and custodial relationships. The respective systems of Euroclear and of Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective account holders may settle trades with each other.

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

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

#### **Transfers and Transfer Restrictions**

All transfers of Residual Certificate Book-Entry Interests will be recorded in accordance with the book-entry systems maintained by Euroclear or Clearstream, Luxembourg, as applicable, pursuant to customary procedures established by each respective system and its Participants (see the section above entitled "*General*").

Beneficial interests in a Global Residual Certificate may be held only through Euroclear or Clearstream, Luxembourg. Each Global Residual Certificate will bear a legend similar to that appearing under the section of this Prospectus entitled "*Transfer Restrictions and Investor Representations*" below, and neither a Global Residual Certificate nor any beneficial interest therein may be transferred except in compliance with the transfer restrictions set out in the legend appearing in the relevant Global Residual Certificate.

#### **Action in respect of the Global Residual Certificate and the Residual Certificate Book-Entry Interests**

Not later than 10 days after receipt by the Issuer of any notice in respect of the Residual Certificates or any notice of solicitation of consents or requests for a waiver or other action by the Certificateholder of the Residual Certificates, the Issuer will deliver to Euroclear and Clearstream, Luxembourg a notice containing (a) such information as is contained in such notice, (b) a statement that at the close of business on a specified record date Euroclear and Clearstream, Luxembourg will be entitled to instruct the Issuer as to the consent, waiver or other action, if any, pertaining to the Residual Certificate Book-Entry Interests or the Residual Certificates and (c) a statement as to the manner in which such instructions may be given. Upon the written request of Euroclear or Clearstream, Luxembourg, as applicable, the Issuer shall endeavour insofar as practicable to take such action regarding the requested consent, waiver or other action in respect of the Residual Certificate Book-Entry Interests or the Residual Certificates in accordance with any instructions set out in such request. Euroclear and Clearstream, Luxembourg are expected to follow the procedures described under the section above entitled "*General*", with respect to soliciting instructions from their respective Participants.

## **Notices**

The Issuer will send to Euroclear and Clearstream, Luxembourg a copy of any notices addressed to Certificateholders for communication by Euroclear and Clearstream, Luxembourg to the Certificateholders and shall procure that the information contained in such notice shall appear on a Relevant Screen (see also Residual Certificates Condition 15 (*Notice to Certificateholders*)). The Note Trustee may in accordance with the Residual Certificates Condition 15.2 (*Note Trustee's Discretion to Select Alternative Method*) sanction other methods of giving notice to all or some of the Certificateholders, if such method is reasonable having regard to the then prevailing market practice.

## **New Safekeeping Structure and Eurosystem Eligibility**

The Residual Certificates are intended to be held in an NSS and in a manner which would allow Eurosystem eligibility and will be deposited with one of the ICSDs as common safekeeper. However, the deposit of the Residual Certificates with one of the ICSDs as common safekeeper upon issuance or otherwise does not necessarily mean that the Residual Certificates will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at issuance or at any time during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

## **Issuer-ICSDs Agreement**

Prior to the issuance of the Residual Certificates, the Issuer will enter into an Issuer-ICSDs Agreement with the ICSDs in respect of the Residual Certificates. The Issuer-ICSDs Agreement provides that the ICSDs will, in respect of any of the Residual Certificates (while being held in the NSS), maintain their respective portion of the issue outstanding amount through their records. The Issuer-ICSDs Agreement will be governed by English law.

## TERMS AND CONDITIONS OF THE NOTES

*The following are the terms and conditions of the Notes in the form (subject to amendment) in which they will be set out in the Trust Deed (as defined below).*

### 1. GENERAL

The £301,722,000 Class A mortgage backed floating rate notes due January 2057 (the "**Class A Notes**"), the £9,893,000 Class B mortgage backed floating rate notes due January 2057 (the "**Class B Notes**"), the £8,244,000 Class C mortgage backed floating rate notes due January 2057 (the "**Class C Notes**"), the £8,244,000 Class D mortgage backed floating rate notes due January 2057 (the "**Class D Notes**"), the £1,649,000 Class E mortgage backed floating rate notes due January 2057 (the "**Class E Notes**" and together with the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, the "**Collateralised Notes**"), the £6,595,000 Class X mortgage backed floating rate notes due January 2057 (the "**Class X Notes**", and together with the Collateralised Notes, the "**Notes**"), in each case of CMF 2020-1 PLC (the "**Issuer**") are constituted by a trust deed (the "**Trust Deed**") dated on or about 26 February 2020 (the "**Closing Date**") and made between, among others, the Issuer and U.S. Bank Trustees Limited as trustee for the Noteholders (in such capacity, the "**Note Trustee**"). Any reference in these terms and conditions (the "**Conditions**") to a "**Class**" of Notes or of Noteholders or (as applicable) of Residual Certificates or of Certificateholders shall be a reference to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class X Notes, the RC1 Residual Certificates or the RC2 Residual Certificates, as the case may be, or to the respective holders thereof. Any reference in these Conditions to the Noteholders means the registered holders for the time being of the Notes, or if preceded by a particular Class designation of Notes, the registered holders for the time being of such Class of Notes. The security for the Notes is constituted by and pursuant to a deed of charge and assignment (the "**Deed of Charge**") dated on the Closing Date and made between, among others, the Issuer and U.S. Bank Trustees Limited as trustee for the Secured Creditors (in such capacity, the "**Security Trustee**").

Pursuant to an agency agreement (the "**Agency Agreement**") dated on or prior to the Closing Date and made between the Issuer, the Note Trustee, Elavon Financial Services DAC, UK Branch as principal paying agent (in such capacity, the "**Principal Paying Agent**" and, together with any further or other paying agent appointed under the Agency Agreement, the "**Paying Agent**"), Elavon Financial Services DAC as registrar (in such capacity, the "**Registrar**") and Elavon Financial Services DAC, UK Branch as agent bank (in such capacity, the "**Agent Bank**"), provision is made for, *inter alia*, the payment of principal and interest in respect of the Notes.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Deed of Charge, the Agency Agreement and a master definitions and construction schedule (the "**Master Definitions and Construction Schedule**") entered into by, among others, the Issuer, the Note Trustee and the Security Trustee on the Closing Date and the other Transaction Documents (as defined therein).

Physical copies of the Trust Deed, the Deed of Charge, the Agency Agreement, the Master Definitions and Construction Schedule and the other Transaction Documents are available for inspection during normal business hours at the specified office for the time being of each of the Paying Agents. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Transaction Documents applicable to them.

## **2. INTERPRETATION**

### **2.1 Definitions**

Capitalised terms not otherwise defined in these Conditions shall bear the meanings given to them in the Master Definitions and Construction Schedule available as described above.

### **2.2 Interpretation**

These Conditions shall be construed in accordance with the principles of construction set out in the Master Definitions and Construction Schedule.

## **3. FORM, DENOMINATION AND TITLE**

### **3.1 Form and Denomination**

Each Class of Notes will initially be represented by a global note certificate in registered form (a "**Global Note**").

For so long as any of the Notes are represented by a Global Note, transfers and exchanges of beneficial interests in such Global Note and entitlement to payments thereunder will be effected subject to and in accordance with the rules and procedures from time to time of Euroclear Bank SA/NV ("**Euroclear**") or Clearstream Banking, S.A. ("**Clearstream, Luxembourg**"), as appropriate. Each Global Note will be deposited with and registered in the name of a common safekeeper (or a nominee thereof) for Euroclear and Clearstream, Luxembourg.

For so long as the Notes are represented by a Global Note, and for so long as Euroclear and Clearstream, Luxembourg so permit, the Notes shall be tradable only in the minimum nominal amount of £100,000 and higher integral multiples of £1,000, notwithstanding that no Registered Definitive Notes (as defined below) will be issued with a denomination above £199,000. A Global Note will be exchanged for the relevant Note in definitive registered form (such exchanged Global Notes in definitive registered form, the "**Registered Definitive Notes**") only if either of the following applies:

- (a) both Euroclear and Clearstream, Luxembourg:
  - (i) are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise); or
  - (ii) announce an intention permanently to cease business or to cease to make book-entry systems available for settlement of beneficial interests in such Global Notes and do in fact do either of those things,and in either case no alternative clearing system satisfactory to the Note Trustee is available; or
- (b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political subdivision thereof) or of any authority therein or thereof having power to tax, or in the interpretation or administration by a revenue authority or a court or in the application of such laws or regulations, which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding for or on account of tax from any

payment in respect of the Notes which would not be required were the relevant Notes in definitive registered form.

If Registered Definitive Notes are issued in respect of Notes originally represented by a Global Note, the beneficial interests represented by such Global Note shall be exchanged by the Issuer for the relevant Notes in registered definitive form. The aggregate principal amount of the Registered Definitive Notes shall be equal to the Principal Amount Outstanding of the Notes at the date on which notice of exchange is given of the Global Note, subject to and in accordance with the detailed provisions of these Conditions, the Agency Agreement, the Trust Deed and the relevant Global Note.

Registered Definitive Notes (which, if issued, will be in the denomination set out below) will be serially numbered and will be issued in registered form only.

The minimum denomination of the Notes in global and (if issued and printed) definitive form will be £100,000.

References to "**Notes**" in these Conditions shall include the Global Notes and the Registered Definitive Notes.

### 3.2 **Title**

Title to the Global Notes shall pass by and upon registration in the register (the "**Register**") which the Issuer shall procure to be kept by the Registrar. The registered holder of a Global Note may (to the fullest extent permitted by applicable laws) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Global Note regardless of any notice of ownership, theft or loss or any trust or other interest therein or of any writing thereon (other than the endorsed form of transfer).

Title to a Registered Definitive Note shall only pass by and upon registration of the transfer in the Register.

Registered Definitive Notes may be transferred upon the surrender of the relevant Registered Definitive Note, with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. Such transfers shall be subject to the minimum denominations specified in Condition 3.1 (*Form and Denomination*) above. All transfers of Registered Definitive Notes are subject to any restrictions on transfer set out on the Registered Definitive Notes and the detailed regulations concerning transfers in the Agency Agreement.

Each new Registered Definitive Note to be issued upon transfer of such Registered Definitive Note will, within five Business Days of receipt and surrender of such Registered Definitive Note (duly completed and executed) for transfer, be available for delivery at the specified office of the Registrar or be mailed at the risk of the transferee entitled to such Registered Definitive Note to such address as may be specified in the relevant form of transfer.

Registration of a Registered Definitive Note on transfer will be effected without charge by the Registrar, but subject to payment of (or the giving of such indemnity as the Registrar may require for) any tax, stamp duty or other government charges which may be imposed in relation to it.

#### 4. STATUS AND RELATIONSHIP BETWEEN THE NOTES AND SECURITY

##### 4.1 Status and relationship between the Notes

- (a) The Class A Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12 (*Enforcement*)) unconditional obligations of the Issuer. The Class A Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, as provided in these Conditions and the Transaction Documents.
- (b) The Class B Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12 (*Enforcement*) and Condition 18 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class B Notes rank *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of Class B Notes (the "**Class B Noteholders**") will be subordinated to the interests of the persons who for the time being are registered in the Register as holders of Class A Notes (the "**Class A Noteholders**") (so long as any Class A Notes remain outstanding).
- (c) The Class C Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12 (*Enforcement*) and Condition 18 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class C Notes rank *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes and the Class B Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of the Class C Notes (the "**Class C Noteholders**") will be subordinated to the interests of each of the Class A Noteholders and the Class B Noteholders (so long as any Class A Notes and/or any Class B Notes remain outstanding).
- (d) The Class D Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12 (*Enforcement*) and Condition 18 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class D Notes rank *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes, the Class B Notes and the Class C Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of the Class D Notes (the "**Class D Noteholders**") will be subordinated to the interests of each of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders (so long as any Class A Notes and/or any Class B Notes and/or any Class C Notes remain outstanding).
- (e) The Class E Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12 (*Enforcement*) and Condition 18 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class E Notes rank *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of the Class E Notes (the "**Class E Noteholders**") will be subordinated to the interests of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders (so long as any Class A Notes and/or any Class B Notes and/or any Class C Notes and/or any Class D Notes remain outstanding).



- (f) The Class X Notes constitute direct, secured and (subject as provided in Condition 18 (*Subordination by Deferral*) and the limited recourse provisions in Condition 12 (*Enforcement*)) unconditional obligations of the Issuer. The Class X Notes rank subordinate to all payments due in respect of the Collateralised Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of the Class X Notes (the "**Class X Noteholders**") will be subordinated to the interests of the holders of the Collateralised Notes (so long as any Collateralised Notes remain outstanding).
- (g) The Trust Deed and the Deed of Charge contain provisions requiring the Note Trustee and the Security Trustee, respectively, to have regard to the interests of holders of each Class of the Notes as regards all rights, powers, trusts, authorities, duties and discretions of the Note Trustee and the Security Trustee (except where expressly provided otherwise) but requiring the Note Trustee and the Security Trustee where there is a conflict of interests between one or more classes of Notes and/or Residual Certificates in any such case to have regard (except as expressly provided otherwise) to the interests of the holders of the Class of Notes ranking in priority to the other relevant Classes of Notes in the Post-Enforcement Priority of Payments or if there are no Notes then outstanding to the Certificateholders.
- (h) The Trust Deed also contains provisions limiting the powers of any Class of Noteholders to request or direct the Note Trustee to take any action or to pass an effective Extraordinary Resolution according to the effect thereof on the interests of the holders of the Most Senior Class. Except in certain circumstances described in Condition 13 (*Meetings of Noteholders, Modification, Waiver and Substitution*), the Trust Deed contains no such limitation on the powers of the holders of the Most Senior Class, the exercise of which will be binding (save in respect of a Basic Terms Modification) on the holders of all other Classes of Notes and Certificateholders in each case irrespective of the effect thereof on their respective interests.

As long as any Notes are outstanding but subject to Condition 13.5 (*Modification to the Transaction Documents*), the Security Trustee shall not have regard to the interests of the other Secured Creditors.

## 4.2 Security

- (a) The security constituted by or pursuant to the Deed of Charge is granted to the Security Trustee for it to hold on trust for the Noteholders and the other Secured Creditors, upon and subject to the terms and conditions of the Deed of Charge.
- (b) The Noteholders and the other Secured Creditors will share in the benefit of the security constituted by or pursuant to the Deed of Charge, upon and subject to the terms and conditions of the Deed of Charge.

## 5. COVENANTS

Save with the prior written consent of the Note Trustee or unless otherwise permitted under these Conditions or any of the Transaction Documents, the Issuer shall not, so long as any Note remains outstanding:

- (a) **Negative pledge:** create or permit to subsist any encumbrance (unless arising by operation of law) or other security interest whatsoever over any of its assets or undertakings;
- (b) **Restrictions on activities:** (i) engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities in which the

Transaction Documents provide or envisage that the Issuer will engage or (ii) have any subsidiaries, any subsidiary undertaking (as defined in the Companies Act 1985 and the Companies Act 2006 (as applicable)) or any employees (but shall procure that, at all times, it shall retain at least one independent director) or premises;

- (c) **Disposal of assets:** assign, transfer, sell, lend, lease, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire all or any of its assets or undertakings or any interest, estate, right, title or benefit therein or attempt or purport to do any of the foregoing;
- (d) **Equitable and Beneficial Interest:** permit any person, other than itself and the Security Trustee, to have any equitable or beneficial interest in any of its assets or undertakings or any interest, estate, right, title or benefit therein;
- (e) **Dividends or distributions:** pay any dividend or make any other distribution to its shareholders except out of amounts of profit retained by the Issuer in accordance with the applicable Priority of Payments which are available for distribution in accordance with the Issuer's memorandum and articles of association and with applicable laws or issue any further shares;
- (f) **Indebtedness:** incur any financial indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness or of any other obligation of any person;
- (g) **Merger:** consolidate or merge with any other person or convey or transfer substantially all of its properties or assets to any other person;
- (h) **No modification or waiver:** permit any of the Transaction Documents to which it is a party to become invalid or ineffective or permit the priority of the security interests created or evidenced thereby or pursuant thereto to be varied, modified, terminated, postponed, waived or agree to any modification of, or grant any consent, approval, authorisation or waiver pursuant to, or in connection with, any of the Transaction Documents to which it is a party or permit any party to any of the Transaction Documents to which it is a party to be released from its obligations or exercise any right to terminate any of the Transaction Documents to which it is a party;
- (i) **Bank accounts:** have an interest in any bank account other than the Issuer Accounts and the Issuer's interest in the Non-DD Collection Account Trust, unless such account or interest therein is charged to the Security Trustee on terms acceptable to the Security Trustee;
- (j) **Purchase Notes:** purchase or otherwise acquire any Notes; or
- (k) **U.S. activities:** engage in any activities in the United States (directly or through agents), or derive any income from United States sources as determined under United States income tax principles, or hold any property if doing so would cause it to be engaged in a trade or business within the United States as determined under United States income tax principles.

## 6. INTEREST

### 6.1 Accrual of interest

#### *Interest Accrual*

Each Note bears interest on its Principal Amount Outstanding from (and including) the Closing Date. Each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest from and including the due date for redemption unless, upon due presentation in accordance with Condition 7 (*Payments*), payment of the principal in respect of the Note is improperly withheld or refused or default is otherwise made in respect of the payment, in which event interest shall continue to accrue as provided in the Trust Deed.

### 6.2 Interest Payment Dates

Interest will be payable in arrear on each Interest Payment Date, for all classes of Notes. The first Interest Payment Date will be the Interest Payment Date falling in April 2020.

**"Interest Payment Date"** means the 16th day of each month in each year or, if such day is not a Business Day, the immediately following Business Day with the first Interest Payment Date falling in April 2020.

Interest shall accrue from (and including) an Interest Payment Date (except in the case of the first Interest Period, which shall commence on (and include) the Closing Date) to (but excluding) the next following Interest Payment Date (each such period, an **"Interest Period"**).

### 6.3 Rate of Interest

#### *Rate of Interest*

- (a) The rate of interest payable from time to time in respect of each class or sub-class of the Notes (each a **"Rate of Interest"** and together the **"Rates of Interest"**) will be, in respect of the Notes and any Interest Period, Compounded Daily SONIA determined as at the related Interest Determination Date plus (A) from and including the Closing Date to (but excluding) the Optional Redemption Date, the Relevant Margin, or (B) from (and including) the Optional Redemption Date, the Relevant Step-Up Margin, in each case, in respect of such class and in the event that the Rate of Interest is less than zero per cent., the Rate of Interest shall be deemed to be zero per cent. There will be no maximum Rate of Interest.
- (b) Notwithstanding the provisions of these Conditions, in the event the Bank of England publishes guidance as to (i) how the SONIA Reference Rate is to be determined or (ii) any rate that is to replace the SONIA Reference Rate, the Agent Bank shall, to the extent that it is reasonably practicable, follow such guidance in order to determine SONIA for the purpose of the Notes for so long as the SONIA Reference Rate is not available or has not been published by the authorised distributors.
- (c) In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions by the Agent Bank, the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Relevant Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Relevant Margin

relating to the relevant Interest Period in place of the Relevant Margin relating to that last preceding Interest Period) or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the relevant Class of Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) that first Interest Payment Date (but applying the Relevant Margin applicable to the first Interest Period).

(d) In these Conditions (except where otherwise defined), the expression:

- (i) **"Business Day"** means a day (other than a Saturday or Sunday or a public holiday) on which banks are generally open for business in London;
- (ii) **"Compounded Daily SONIA"** means the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Agent Bank as at the Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{SONIA_{i-pLBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

Where:

"d" is the number of calendar days in the relevant Interest Period;

"d<sub>0</sub>" is the number of Business Days in the relevant Interest Period;

"i" is a series of whole numbers from one to d<sub>0</sub>, each representing the relevant Business Day in chronological order from, and including, the first Business Day in the relevant Interest Period;

"LBD" means a Business Day;

"n<sub>i</sub>", for any day "i", means the number of calendar days from and including such day "i" up to but excluding the following Business Day; and

"p" means for any Interest Period, 5 Business Days; and

"SONIA<sub>i-pLBD</sub>" means in respect of any Business Day falling in the relevant Interest Period, the SONIA Reference Rate for the Business Day falling "p" Business Days prior to that Business Day "i";

- (iii) **"Interest Determination Date"** means the fifth Business Day before the Interest Payment Date for which the relevant Rate of Interest will apply;
- (iv) **"Interest Determination Ratio"** means, on any Interest Payment Date, (a) the aggregate Revenue Receipts calculated in the preceding Servicer Report divided by (b) the aggregate of all Revenue Receipts and all Redemption Receipts calculated in such Servicer Report;

- (v) **"Observation Period"** means the period from and including the date falling "p" Business Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Closing Date) and ending on, but excluding, the date falling "p" Business Days prior to the Interest Payment Date for such Interest Period (or, if applicable, the date falling "p" Business Days prior to any other date on which a payment of interest is to be made in respect of the Notes);
- (vi) **"Reconciliation Amount"** means in respect of any Collection Period (a) the actual Redemption Receipts as determined in accordance with the available Servicer Reports, less (b) the Calculated Redemption Receipts in respect of such Collection Period, plus (c) any Reconciliation Amount not applied in previous Collection Periods;
- (vii) **"Relevant Margin"** means:
  - (A) in respect of the Class A Notes, 0.600 per cent. per annum;
  - (B) in respect of the Class B Notes, 1.000 per cent. per annum;
  - (C) in respect of the Class C Notes, 1.250 per cent. per annum;
  - (D) in respect of the Class D Notes, 1.600 per cent. per annum;
  - (E) in respect of the Class E Notes, 2.440 per cent. per annum; and
  - (F) in respect of the Class X Notes, 2.240 per cent. per annum;
- (viii) **"Relevant Step-Up Margin"** means:
  - (A) in respect of the Class A Notes, 0.900 per cent. per annum;
  - (B) in respect of the Class B Notes, 1.500 per cent. per annum;
  - (C) in respect of the Class C Notes, 1.875 per cent. per annum;
  - (D) in respect of the Class D Notes, 2.400 per cent. per annum;
  - (E) in respect of the Class E Notes, 3.440 per cent. per annum;
  - (F) in respect of the Class X Notes, 2.240 per cent. per annum;
- (ix) **"Screen"** means the Reuters Screen SONIA Page or such other page as may replace Reuters Screen SONIA on that service for the purpose of displaying such information or if that service ceases to display such information, such page as displays such information on such service as may replace such screen;
- (x) **"Servicer Report"** means a report to be provided by the Servicer no later than the 6th Business Day of each month in accordance with the terms of the Servicing Agreement and detailing, *inter alia*, the information relating to the Portfolio necessary to produce the Investor Report; and
- (xi) **"SONIA"** means the Sterling Overnight Index Average; and
- (xii) **"SONIA Reference Rate"** means in respect of any Business Day, a reference rate equal to the daily Sterling Overnight Index Average (SONIA) rate for such Business

Day as provided by the administrator of SONIA to, and published by such authorised distributors of the rate as of 9.00 am London time, on the Screen or, if the Screen is unavailable, as otherwise published by such authorised distributors (on the Business Day immediately following such Business Day).

If, in respect of any Business Day in the relevant Observation Period, the Agent Bank determines that the SONIA Reference Rate is not available on the Screen or has not otherwise been published by the relevant authorised distributors, such SONIA Reference Rate shall be: (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant Business Day; plus (ii) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five days on which a SONIA Reference Rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate.

#### 6.4 **Determination of Rates of Interest and Interest Amounts**

The Agent Bank shall, as soon as practicable on the Interest Determination Date falling in such Interest Period, but in no event later than the third Business Day thereafter, determine the Sterling amount (the "**Interest Amounts**") payable in respect of interest on the Principal Amount Outstanding of each Class of the Notes for the relevant Interest Period.

The Interest Amounts shall, in respect of a Class of Notes, be determined by applying the relevant Rate of Interest to the Principal Amount Outstanding of such Class of Notes and multiplying the sum by the actual number of days in the Interest Period concerned divided by 365 and rounding the figure downwards to the nearest penny.

#### 6.5 **Publication of Rates of Interest and Interest Amounts**

The Agent Bank shall cause the Rate of Interest and the Interest Amounts for each Class of Notes in respect of each Interest Period and each Interest Payment Date to be notified to the Issuer, the Cash Manager, the Note Trustee, the Registrar and the Paying Agents (as applicable) and to any stock exchange or other relevant authority on which the Notes are at the relevant time listed and to be published in accordance with Condition 16 (*Notice to Noteholders*) as soon as possible after their determination and in no event later than two Business Days prior to the immediately succeeding Interest Payment Date. The Interest Amounts and Interest Payment Date may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

#### 6.6 **Notifications to be Final**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6, whether by the Agent Bank or the Cash Manager, will (in the absence of wilful default, gross negligence, fraud or manifest error) be binding on the Issuer, the Cash Manager, the Note Trustee, the Agent Bank, the Registrar, the Paying Agents and all Noteholders and (in the absence of wilful default, gross negligence, fraud or manifest error) no liability to the Issuer or the Noteholders shall attach to the Cash Manager or the Agent Bank in connection with the exercise or non-exercise by any of them of their powers, duties and discretions under this Condition 6.

## 6.7 Agent Bank

The Issuer shall procure that, so long as any of the Notes remain outstanding, there is at all times an agent bank for the purposes of the Notes. The Issuer may, subject to the prior written approval of the Note Trustee, terminate the appointment of the Agent Bank and shall, in the event of the appointed office of any bank being unable or unwilling to continue to act as the agent bank or failing duly to determine the Rate of Interest or the Interest Amounts in respect of any Class of Notes for any Interest Period, subject to the prior written approval of the Note Trustee, appoint another major bank engaged in the relevant interbank market to act in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed on terms commercially acceptable in the market.

## 6.8 Determinations and Reconciliation

- (a) In the event that the Cash Manager does not receive a Servicer Report with respect to a Collection Period (each such period, a "**Determination Period**"), then the Cash Manager may use the most recently received Servicer Report in respect of the preceding Collection Period for the purposes of calculating the amounts available to the Issuer to make payments, as set out in Condition 6.8(b). When the Cash Manager receives the Servicer Report relating to the Determination Period, it will make the reconciliation calculations and reconciliation payments as set out in Condition 6.8(c). Any (i) calculations properly made on the basis of such estimates in accordance with Conditions 6.8(b) and/or 6.8(c); (ii) payments made under any of the Notes and Transaction Documents in accordance with such calculations; and (iii) reconciliation calculations and reconciliation payments made as a result of such reconciliation calculations, each in accordance with Condition 6.8(b) and/or 6.8(c), shall be deemed to be made in accordance with the provisions of the Transaction Documents and will in themselves not lead to an Event of Default and no liability will attach to the Cash Manager in connection with the exercise by it of its powers, duties and discretion for such purposes.
- (b) In respect of any Determination Period the Cash Manager shall on the Calculation Date immediately following the Determination Period:
  - (i) determine the Interest Determination Ratio (as defined above) by reference to the most recently received Servicer Report received in the preceding Collection Periods;
  - (ii) calculate the Revenue Receipts for such Determination Period as the product of (A) the Interest Determination Ratio and (B) all collections received by the Issuer during such Determination Period (the "**Calculated Revenue Receipts**"); and
  - (iii) calculate the Redemption Receipts for such Determination Period as the product of (A) 1 minus the Interest Determination Ratio and (B) all collections received by the Issuer during such Determination Period (the "**Calculated Redemption Receipts**").
- (c) Following the end of any Determination Period, upon receipt by the Cash Manager of the Servicer Report in respect of such Determination Period, the Cash Manager shall reconcile the calculations made in accordance with Condition 6.8(b) above to the actual collections set out in the Servicer Reports by allocating the Reconciliation Amount (as defined above) as follows:
  - (i) if the Reconciliation Amount is a positive number, the Cash Manager shall apply an amount equal to the lesser of (A) the absolute value of the Reconciliation Amount and (B) the amount standing to the credit of the Revenue Ledger, as Available Redemption Receipts (with a corresponding debit of the Revenue Ledger); and
  - (ii) if the Reconciliation Amount is a negative number, the Cash Manager shall apply an amount equal to the lesser of (A) the absolute value of the Reconciliation Amount and (B) the

amount standing to the credit of the Redemption Ledger, as Available Revenue Receipts (with a corresponding debit of the Redemption Ledger),

*provided* that the Cash Manager shall apply such Reconciliation Amount in determining Available Revenue Receipts and Available Redemption Receipts for such Collection Period in accordance with the terms of the Cash Management Agreement and the Cash Manager shall promptly notify the Issuer and the Security Trustee of such Reconciliation Amount.

## **7. PAYMENTS**

### **7.1 Payment of Interest and Principal**

Subject to paragraph 2 of Condition 3.1 (*Form and Denomination*), payments of any amount in respect of a Note, including principal and interest, shall be made upon application by the relevant Noteholder to the specified office of the Principal Paying Agent not later than the 15th day before the due date for any such payment, by transfer to a Sterling account maintained by the payee with a bank in London.

### **7.2 Laws and Regulations**

Payments of any amount in respect of a Note including principal and interest in respect of the Notes are subject, in all cases, to (i) any fiscal or other laws and regulations applicable thereto in the place of payment and (ii) any withholding or deduction required pursuant to an agreement described in section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to sections 1471 to 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof or any law implementing an intergovernmental approach thereto (the "**FATCA**"). Noteholders will not be charged commissions or expenses on payments.

### **7.3 Payment of Interest following a Failure to pay Principal**

If payment of principal is improperly withheld or refused on or in respect of any Note or part thereof, the interest which continues to accrue in respect of such Note in accordance with Condition 6.1 (*Accrual of interest*) and Condition 6.3 (*Rate of Interest*) will be paid in accordance with this Condition 7.

### **7.4 Change of Paying Agents**

The Issuer reserves the right, subject to the prior written approval of the Note Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent or the Registrar and to appoint additional or other agents provided that there will at all times be a person appointed to perform the obligations of the Principal Paying Agent with a specified office in London and the Registrar with a specified office in Ireland or in London.

Except where otherwise provided in the Trust Deed or the Agency Agreement, the Issuer will cause notice of no more than 30 days and no less than 15 days of any change in or addition to the Paying Agents or the Registrar or their specified offices to be given to the Noteholders in accordance with Condition 16 (*Notice to Noteholders*) and will notify the Rating Agencies of such change or addition.

### **7.5 No Payment on non-Business Day**

If the date for payment of any amount in respect of a Note is not a Presentation Date, Noteholders shall not be entitled to payment until the next following Presentation Date and shall not be entitled to further interest or other payment in respect of such delay. In this Condition 7.5, the expression



**"Presentation Date"** means a day which is (a) a Business Day and (b) a day on which banks are generally open for business in the relevant place.

## 7.6 **Partial Payment**

If a Paying Agent makes a partial payment in respect of any Note, the Registrar will, in respect of the relevant Note, annotate the Register indicating the amount and date of such payment.

## 7.7 **Payment of Interest**

If interest is not paid in respect of a Note of any Class on the date when due and payable (other than because the due date is not a Presentation Date (as defined in Condition 7.5 (*No Payment on non-Business Day*)) or by reason of non-compliance by the Noteholder with Condition 7.1 (*Payment of Interest and Principal*)), then such unpaid interest shall itself bear interest at the Rate of Interest applicable from time to time to such Note until such interest and interest thereon are available for payment and notice thereof has been duly given in accordance with Condition 16 (*Notice to Noteholders*).

# 8. **REDEMPTION**

## 8.1 **Redemption at Maturity**

Unless previously redeemed in full or purchased and cancelled as provided below, the Issuer will redeem the Notes at their respective Principal Amount Outstanding on the Interest Payment Date falling in January 2057 (the **"Final Maturity Date"**).

## 8.2 **Mandatory Redemption prior to the service of an Enforcement Notice or on the Call Option Redemption Date**

(a) On each Interest Payment Date prior to the service of an Enforcement Notice or on the Call Option Redemption Date:

(X) each Class of Notes (other than the Class X Notes) shall be redeemed in an amount equal to the Available Redemption Receipts available for such purpose in accordance with the Pre-Enforcement Redemption Priority of Payments which shall be applied in the following order of priority:

- (i) to repay the Class A Notes until they are each repaid in full; and thereafter be applied
- (ii) to repay the Class B Notes until they are each repaid in full; and thereafter to be applied
- (iii) to repay the Class C Notes until they are each repaid in full; and thereafter to be applied
- (iv) to repay the Class D Notes until they are each repaid in full; and thereafter to be applied
- (v) to repay the Class E Notes until they are each repaid in full; and thereafter to be applied

(Y) in the case of the Class X Notes, in an amount equal to the Available Revenue Receipts available for such purpose in accordance with the Pre-Enforcement Revenue Priority of Payments which shall be applied to repay the Class X Notes until they are each repaid in full.

(b) The Principal Amount Outstanding of each Class of Notes shall be redeemed on each Interest Payment Date in accordance with the relevant Priority of Payments. The principal amount to be redeemed in respect of a Note of a particular Class (the **"Note Principal Payment"**) on any Interest Payment Date prior to the service of an Enforcement Notice shall be the Available Redemption

Receipts available for such purpose on such Interest Payment Date in accordance with the Pre-Enforcement Redemption Priority of Payments, as calculated on the Calculation Date immediately preceding such Interest Payment Date multiplied by the relevant Pool Factor. With respect to each Note of a particular Class on (or as soon as practicable after) each Calculation Date, the Issuer shall determine (or cause the Cash Manager to determine) (i) the amount of any Note Principal Payment due on the Interest Payment Date next following such Calculation Date, (ii) the Principal Amount Outstanding of each such Note and (iii) the fraction expressed as a decimal to the sixth decimal point (the "**Pool Factor**"), of which the numerator is the Principal Amount Outstanding of that Note (as referred to in (ii) above) and the denominator is the Principal Amount Outstanding of the relevant Class of Notes. Each determination by or on behalf of the Issuer of any principal repayment, the Principal Amount Outstanding of a Note and the Pool Factor shall in each case (in the absence of wilful default or manifest error) be final and binding on all persons.

- (c) The Issuer will cause each determination of a principal repayment, Principal Amount Outstanding and Pool Factor to be notified by not less than two Business Days prior to the relevant Interest Payment Date to the Note Trustee, the Paying Agents, the Agent Bank and (for so long as the Notes are listed on the Official List of Euronext Dublin and admitted to trading on its Regulated Market) Euronext Dublin, and will immediately cause notice of each such determination to be given in accordance with Condition 16 (*Notice to Noteholders*) not later than two Business Days prior to the relevant Interest Payment Date. If no principal repayment is due to be made on the Notes on any Interest Payment Date a notice to this effect will be given to the holders of the Notes.

### 8.3 **Mandatory Redemption of the Notes in Full**

- (a) On or after the Optional Redemption Date

On giving not more than 60 days' nor fewer than two Business Days' notice to the Noteholders in accordance with Condition 16 (*Notice to Noteholders*) and the Note Trustee, on any Interest Payment Date on or after the Optional Redemption Date upon the occurrence of a sale of the Loans and their Related Security comprising the Portfolio in accordance with the provisions of the Deed Poll, the Optional Purchase Price received by the Issuer will be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments with the result that the Collateralised Notes will be redeemed in full and the Class X Notes may (subject to availability of funds for such purposes) be redeemed in full or in part, in accordance with Condition 8.2 (*Mandatory Redemption prior to the service of an Enforcement Notice or on the Call Option Redemption Date*).

**"Optional Redemption Date"** means the Interest Payment Date falling in March 2024.

- (b) Ten per cent. clean-up call

On giving not more than 60 days' nor fewer than 14 Business Days' notice to the Noteholders in accordance with Condition 16 (*Notice to Noteholders*) and the Note Trustee, on any Interest Payment Date upon the occurrence of a sale of the Loans and their Related Security comprising the Portfolio in accordance with the provisions of the Deed Poll where the aggregate Current Balance of the Loans (excluding any Enforced Loans) was equal to or less than 10 per cent. of the aggregate Principal Amount Outstanding of the Collateralised Notes on the Closing Date, the Optional Purchase Price received by the Issuer will be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments with the result that the Notes will be redeemed in full and the Class X Notes may (subject to availability of funds for such purposes) be redeemed in full or in part, on such Interest Payment Date in accordance with Condition 8.2 (*Mandatory Redemption prior to the service of an Enforcement Notice or on the Call Option Redemption Date*).

#### 8.4 **Mandatory Redemption of the Notes for Taxation or Other Reasons**

If:

- (a) by reason of a change in tax law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, on or before the next Interest Payment Date the Issuer or the Paying Agents would be required to deduct or withhold from any payment of principal or interest on any Notes (other than because the relevant holder has some connection with the United Kingdom other than the holding of such Notes) any amount for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political sub-division thereof or any authority thereof or therein having power to tax;
- (b) by reason of a change in law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, it has become or will become unlawful for the Issuer to make, fund or allow to remain outstanding all or any of the Notes; or
- (c) by reason of a change in law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, on or before the next Interest Payment Date the Issuer or the Swap Provider would be required to deduct or withhold from any payment under the Swap Agreement any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature,

then the Issuer shall, if the same would avoid the effect of such relevant event described in sub-paragraph (a), (b) or (c) above, appoint a Paying Agent in another jurisdiction or use its reasonable endeavours to arrange the substitution of a company incorporated and/or tax resident in another jurisdiction approved in writing by the Note Trustee as principal debtor under the Notes and the Trust Deed, provided that:

- (i) the Note Trustee is satisfied that such substitution will not be materially prejudicial to the interests of the holders of the Notes (and in making such determination, the Note Trustee may rely, without further investigation or inquiry, on (A) any confirmation made orally to the Issuer (in which case the Servicer on behalf of the Issuer shall confirm the same in writing to the Note Trustee) or in writing from each of the Rating Agencies that the then current ratings of the Notes would not be adversely affected by such substitution or (B) if no such confirmation from the Rating Agencies is forthcoming and the Issuer or the Servicer on behalf of the Issuer has certified the same in writing to the Note Trustee and the Security Trustee (an "**Issuer Certificate**"), that such proposed action (i) (while any Notes remain outstanding) has been notified to the Rating Agencies, (ii) would not have an adverse impact on the Issuer's ability to make payment when due in respect of the Notes, (iii) would not affect the legality, validity and enforceability of any of the Transaction Documents or any Security and (iv) (while any of the Notes remain outstanding) would not have an adverse effect on the rating of the Notes) (upon which confirmation or certificate the Note Trustee and the Security Trustee shall be entitled to rely absolutely without liability to any person for so doing); and
- (ii) such substitution would not require registration of any new security under U.S. securities laws or materially increase the disclosure requirements under U.S. law.

A "**Redemption Event**" shall occur if the Issuer satisfies the Note Trustee immediately before giving the notice referred to below that one or more of the events described in sub-paragraph (a), (b) or (c) above is continuing and that the appointment of a Paying Agent or a substitution as referred to

above would not avoid the effect of the relevant event or that, having used its reasonable endeavours, the Issuer is unable to arrange such appointment or substitution.

On any Interest Payment Date on which the Loans and their Related Security comprising the Portfolio are sold pursuant to the Deed Poll following the occurrence of a Redemption Event, the Optional Purchase Price received by the Issuer will be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments with the result that the Collateralised Notes will be redeemed in full and the Class X Notes may (subject to availability of funds for such purposes) be redeemed in full or in part, in accordance with Condition 8.2 (*Mandatory Redemption prior to the service of an Enforcement Notice or on the Call Option Redemption Date*). The Issuer shall give not more than 60 days' nor fewer than 30 Business Days' notice of any such redemption of the Collateralised Notes to the Noteholders in accordance with Condition 16 (*Notice to Noteholders*) and the Note Trustee.

#### 8.5 **Principal Amount Outstanding**

The "**Principal Amount Outstanding**" of each Class of Notes on any date shall be, in each case, their original principal amount, in respect of the Class A Notes of £301,722,000, in respect of the Class B Notes of £9,893,000, in respect of the Class C Notes of £8,244,000, in respect of the Class D Notes of £8,244,000, in respect of the Class E Notes of £1,649,000, in respect of the Class X Notes of £6,595,000, in each case less the aggregate amount of all principal payments in respect of such Class of Notes which have been made since the Closing Date.

#### 8.6 **Notice of Redemption**

Any such notice as is referred to in Condition 8.3 (*Mandatory Redemption of the Notes in Full*) or Condition 8.4 (*Mandatory Redemption of the Notes for Taxation or Other Reasons*) above shall be irrevocable and, upon the expiry of such notice, the Issuer shall be bound to redeem the relevant Notes at the applicable amounts specified above. Any certificate or legal opinion given by or on behalf of the Issuer pursuant to Clause 3.13(d) of the Deed Poll may be relied on by the Note Trustee without further investigation and, if so relied on, shall be conclusive and binding on the Noteholders.

#### 8.7 **No Purchase by the Issuer**

The Issuer will not be permitted to purchase any of the Notes.

#### 8.8 **Cancellation on redemption in full and/or the exercise of the Call Option**

All Notes redeemed in full will be cancelled upon redemption. Notes cancelled upon redemption in full may not be resold or re-issued.

### 9. **TAXATION**

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, all present and future taxes, levies, imposts, duties, fees, deductions, withholdings or charges of any nature whatsoever and wheresoever imposed, including income tax, corporation tax, value added tax or other tax in respect of added value and any franchise, transfer, sales, gross receipts, use, business, occupation, excise, personal property, real property or other tax imposed by any national, local or supranational taxing or fiscal authority or agency together with any penalties, fines or interest thereon ("**Taxes**"), unless the withholding or deduction of the Taxes is required by applicable law. In that event, subject to Condition 8.4 (*Mandatory Redemption of the Notes for Taxation or Other Reasons*), the Issuer or, as the case may be, the Paying Agent shall make such payment after the withholding or deduction has been made and shall account to the relevant authorities for the amount required to be withheld or deducted. Neither the

Issuer nor any Paying Agent nor any other person shall be obliged to make any additional payments to Noteholders in respect of such withholding or deduction.

## 10. PRESCRIPTION

Claims in respect of principal and interest on the Notes will be prescribed after ten years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the relevant payment.

In this Condition 10, the "**Relevant Date**", in respect of a payment, is the date on which such payment first becomes due or (if the full amount of the monies payable on that date has not been duly received by the Principal Paying Agent or the Note Trustee on or prior to such date) the date on which, the full amount of such monies having been received, notice to that effect is duly given to the relevant Noteholders in accordance with Condition 16 (*Notice to Noteholders*).

## 11. EVENTS OF DEFAULT

### 11.1 Notes

The Note Trustee at its absolute discretion may, and if so directed in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class or if so directed by an Extraordinary Resolution of the holders of the Most Senior Class shall, (subject to being indemnified and/or prefunded and/or secured to its satisfaction as more particularly described in the Trust Deed) give a notice (an "**Enforcement Notice**") to the Issuer (with a copy to the Swap Provider, the Cash Manager, the Security Trustee, the Servicer, the Back-Up Servicer Facilitator, the Issuer Account Bank and the Seller) that all Classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding, together with accrued (but unpaid) interest as provided in the Trust Deed (with a copy of such Enforcement Notice being sent simultaneously to the Seller, the Security Trustee, the Swap Provider, the Servicer, the Issuer Account Bank and the Cash Manager), if any of the following events (each, an "**Event of Default**") occur:

- (a) subject to Condition 18 (*Subordination by Deferral*), if default is made in the payment of any principal or interest due in respect of the Notes and the default continues for: (i) a period of five Business Days in the case of principal, or (ii) three Business Days in the case of interest; or
- (b) if the Issuer fails to perform or observe any of its other obligations under these Conditions or any Transaction Document to which it is a party and the failure continues for a period of 15 days (or such longer period as the Note Trustee may permit) (except that in any case where the Note Trustee considers the failure to be incapable of remedy, then no continuation or notice as is aforementioned will be required) following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied; or
- (c) if any representation or warranty made by the Issuer under any Transaction Document is incorrect when made and the matters giving rise to such misrepresentation are not remedied within a period of 15 days (or such longer period as the Note Trustee may permit) (except that in any case where the Note Trustee considers the matters giving rise to such misrepresentation to be incapable of remedy, then no continuation or notice as is hereinafter mentioned will be required) following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied; or
- (d) if any order is made by any competent court or any resolution is passed for the winding up or dissolution of the Issuer, save for the purposes of reorganisation on terms approved in writing by the Note Trustee or by Extraordinary Resolution of the Noteholders; or

- (e) if (i) the Issuer ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms approved in writing by the Note Trustee or by Extraordinary Resolution of the Noteholders, or (ii) the Issuer stops or threatens to stop payment of, or is unable to, or admits inability to, pay its debts (or any class of its debts) as they fall due or the value of its assets falls to less than the amount of its liabilities (taking into account its contingent and prospective liabilities) or (iii) the Issuer is deemed unable to pay its debts pursuant to or for the purposes of any applicable law or is adjudicated or found bankrupt or insolvent; or
- (f) if proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with the court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or, as the case may be, in relation to the whole or any part of the undertaking or assets of the Issuer, and in any such case (other than the appointment of an administrator or an administrative receiver appointed following presentation of a petition for an administration order), unless initiated by the Issuer, is not discharged within 30 days; or
- (g) if the Issuer (or its directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or takes steps with a view to obtaining a moratorium in respect of any of its indebtedness or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors).

## 11.2 General

Upon the service of an Enforcement Notice by the Note Trustee in accordance with Condition 11.1 (*Notes*), all the Notes then outstanding shall thereby immediately become due and repayable at their respective Principal Amount Outstanding, together with accrued interest as provided in the Trust Deed.

## 12. ENFORCEMENT

### 12.1 General

Each of the Note Trustee and the Security Trustee may, at any time, at its discretion and without notice, take such proceedings, actions or steps against the Issuer or any other party to any of the Transaction Documents as it may think fit to enforce the provisions of (in the case of the Note Trustee) the Notes, the Residual Certificates or the Trust Deed (including these Conditions or the Residual Certificates Conditions) or (in the case of the Security Trustee) the Deed of Charge or (in either case) any of the other Transaction Documents to which it is a party and, at any time after the service of an Enforcement Notice, the Security Trustee may, at its discretion and without notice, take such steps as it may think fit to enforce the Security, but neither of them shall be bound to take any such proceedings, action or steps unless:

- (a) the Note Trustee or Security Trustee shall have been so directed by an Extraordinary Resolution of the holders of the Most Senior Class then outstanding or directed in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class; and

- (b) in all cases, it shall have been indemnified and/or prefunded and/or secured to its satisfaction.

No Noteholder may proceed directly against the Issuer unless the Note Trustee or Security Trustee, having become bound to do so, fails to do so within a reasonable period of time and such failure is continuing.

## 12.2 **Preservation of Assets**

If the Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes or the Residual Certificates, the Security Trustee will not be entitled to dispose of any of the Charged Assets or any part thereof unless either (a) a sufficient amount would be realised to allow discharge in full on a *pro rata* and *pari passu* basis of all amounts owing to the holders of the Notes (and all persons ranking in priority to the holders of the Notes), or (b) the Security Trustee is of the opinion, which shall be binding on the Secured Creditors, reached after considering at any time and from time to time the advice of any financial adviser (or such other professional advisers selected by the Security Trustee for the purpose of giving such advice), that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing: (i) to the Noteholders (and all persons ranking in priority to the Noteholders as set out in the order of priority set out in the Post-Enforcement Priority of Payments); and (ii) once all the Noteholders (and all such higher ranking persons) have been repaid, to the remaining Secured Creditors (other than the Certificateholders) in the order of priority set out in the Post-Enforcement Priority of Payments; and (iii) once all the Noteholders and the Secured Creditors (other than the Certificateholders) have been repaid, to the Certificateholders. The fees and expenses of the aforementioned financial adviser or other professional adviser selected by the Security Trustee shall be paid by the Issuer. The Security Trustee shall be entitled to rely upon any financial or other professional advice referred to in this Condition 12.2 without further enquiry and shall incur no liability to any person for so doing.

## 12.3 **Limitations on Enforcement**

No Noteholder shall be entitled to proceed directly against the Issuer or any other party to any of the Transaction Documents to enforce the performance of any of the Conditions or any of the provisions of the Transaction Documents and/or to take any other proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer unless the Note Trustee or, as the case may be, the Security Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing, provided that no Noteholder shall be entitled to take any steps or proceedings to procure the winding up, administration or liquidation of the Issuer.

## 12.4 **Limited Recourse**

Notwithstanding any other Condition or any provision of any Transaction Document, all obligations of the Issuer to the Noteholders are limited in recourse to the property, assets and undertakings of the Issuer the subject of any security created under and pursuant to the Deed of Charge (the "**Charged Assets**"). If:

- (a) there are no Charged Assets remaining which are capable of being realised or otherwise converted into cash;
- (b) all amounts available from the Charged Assets have been applied to meet or provide for the relevant obligations specified in, and in accordance with, the provisions of the Deed of Charge; and

- (c) there are insufficient amounts available from the Charged Assets to pay in full, in accordance with the provisions of the Deed of Charge, amounts outstanding under the Notes,

then the Noteholders shall have no further claim against the Issuer in respect of any amounts owing to them which remain due or to be paid in respect of the Notes (including, for the avoidance of doubt, payments of principal, premium (if any) or interest in respect of the Notes) and the Issuer shall be deemed to be discharged from making any further payments in respect of the Notes and any further payment rights shall be extinguished.

### **13. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION**

- 13.1 The Trust Deed contains provisions for convening meetings of the Noteholders and/or Certificateholders of each Class and, in certain cases, more than one Class to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of these Conditions or the provisions of any of the Transaction Documents.

- 13.2 For the purposes of these Conditions, "**Most Senior Class**" means the Class A Notes or, if there are no Class A Notes then outstanding, the Class B Notes or, if there are no Class A Notes or Class B Notes then outstanding, the Class C Notes or, if there are no Class A Notes, Class B Notes or Class C Notes then outstanding, the Class D Notes or, if there are no Class A Notes, Class B Notes, Class C Notes or Class D Notes then outstanding, the Class E Notes or, if there are no Collateralised Notes then outstanding, the Class X Notes, or if there are no Notes then outstanding, prior to (but excluding) the Optional Redemption Date, the RC1 Residual Certificates, and thereafter, the RC2 Residual Certificates.

#### **13.3 Most Senior Class and Limitations on other Noteholders and Certificateholders**

- (a) Other than in relation to a Basic Terms Modification, which additionally require an Extraordinary Resolution of the holders of the relevant affected Class or Classes of Notes and/or Residual Certificates then in issue, as applicable:
  - (i) subject to Conditions 13.3(a)(ii) and (iii), an Extraordinary Resolution passed at any meeting of the holders of the Most Senior Class shall be binding on such Noteholders and all other Classes of Noteholders and Certificateholders irrespective of the effect upon them;
  - (ii) subject to Condition 13.3(a)(iii), an Extraordinary Resolution passed at any meeting of a relevant Class of Noteholders shall be binding on (i) such Noteholders and all other Classes of Noteholders ranking junior to such Class of Noteholders in the Post-Enforcement Priority of Payments in each case and (ii) the Certificateholders, irrespective of the effect it has upon them; and
  - (iii) no Extraordinary Resolution of any Class of Noteholders or Certificateholders shall take effect for any purpose while any of the Most Senior Class remain outstanding or (in the case of the Residual Certificates) remain in issue unless it shall have been sanctioned by an Extraordinary Resolution of the holders of the Most Senior Class and in the case of the Residual Certificates all Notes ranking in priority thereto or the Note Trustee and/or Security Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of the Most Senior Class,

provided that, in respect of any Extraordinary Resolution of a Class or Classes of Noteholders and/or Residual Certificates relating to any changes to any of the Transaction Documents which would have the effect of altering the amount, timing or priority of any payments due from the Issuer to the Swap Provider, (i) the written consent of the Swap Provider or (ii) written notification from the Issuer to



the Note Trustee and the Security Trustee that Swap Provider consent is not needed, is also required prior to such amendments being made.

- (b) Other than in relation to Basic Terms Modifications and subject as provided in Conditions 13.3(a) and 13.4 (*Quorum*), a resolution which, in the opinion of the Note Trustee, affects the interests of the holders of:
  - (i) Notes and/or Residual Certificates of only one Class shall be deemed to have been duly passed if passed at a separate meeting (or by a separate resolution in writing or by a separate resolution passed by way of consents received through the relevant Clearing System(s)) of the holders of that Class of Notes and/or Residual Certificates so affected;
  - (ii) Notes and/or Residual Certificates of more than one Class but does not give rise to a conflict of interest between the holders of such Classes of Notes and/or Residual Certificates shall be deemed to have been duly passed if passed at a single meeting (or by a single resolution in writing or by a single resolution passed by way of consents received through the relevant Clearing System(s)) of the holders of each such Class of Notes and/or Residual Certificates;
  - (iii) one or more Classes of Notes and/or Residual Certificates and gives or may give rise to, an actual or potential conflict of interest between the holders of such Notes and/or Residual Certificates, shall be deemed to have been duly passed only if passed at separate meetings (or by separate resolutions in writing or by separate resolutions passed by way of consents received through the relevant Clearing System(s)) of the holders of each such Class of Notes and/or Residual Certificates so affected;
  - (iv) one or more Classes of Notes and/or Residual Certificates but does not give rise to, an actual or potential conflict of interest between the holders of such Notes and/or Residual Certificates, shall be deemed to have been duly passed if passed at a single meeting (or by a single resolution in writing or by a single resolution passed by way of consents received through the relevant Clearing System(s)) of the holders of each such Class of Notes and/or Residual Certificates so affected; and
  - (v) two or more Classes of Notes and/or Residual Certificates and gives, or may give, rise to an actual or potential conflict of interest between the holders of such Classes of Notes and/or Residual Certificates, shall be deemed to have been duly passed only if passed at separate meetings (or by separate resolutions in writing or by separate resolutions passed by way of consents received through the relevant Clearing System(s)) of the holders of each such Class of Notes or Residual Certificates so affected.
- (c) No Extraordinary Resolution of the holders of a Class or Classes of Notes and/or Residual Certificates which would have the effect of sanctioning a Basic Terms Modification in respect of any Class of Notes or Residual Certificates shall take effect unless it has been sanctioned by an Extraordinary Resolution of the holders of each affected Class of Notes then outstanding and/or the holders of each affected Class of Residual Certificates then in issue which are affected by such Basic Terms Modification.
- (d) No Ordinary Resolution that is passed by the holders of any Class of Noteholders or Residual Certificates shall take effect for any purpose while any of the Most Senior Class remain outstanding or (in the case of the Residual Certificates) remain in issue unless it shall have been sanctioned by an Ordinary Resolution of the holders of the Most Senior Class and in the case of the Certificates, all Notes ranking in priority thereto or the Note Trustee and/or Security Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of the Most Senior Class.

#### 13.4 Quorum

- (a) Subject as provided below, the quorum at any meeting of Noteholders of any Class or Classes for passing an Ordinary Resolution will be one or more persons holding or representing not less than 25 per cent. of the aggregate Principal Amount Outstanding of such Class or Classes of Notes then outstanding.
- (b) Subject as provided below, the quorum at any meeting of Noteholders of any Class or Classes for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 50 per cent. of the aggregate Principal Amount Outstanding of such Class or Classes of Notes then outstanding.
- (c) Subject to the more detailed provisions set out in the Trust Deed, the quorum at any meeting of any holders of any Class or Classes of Notes or Residual Certificates passing an Extraordinary Resolution to:
  - (i) sanction a modification of the date of maturity of the Notes;
  - (ii) sanction a modification of the date of payment of principal or interest in respect of the Notes, or where applicable, of the method of calculating the date of payment of principal or interest in respect of the Notes or of the method of calculating the date of payment in respect of any Class of Residual Certificates, except in accordance with Conditions 13.6(g) or (h) (*Additional Right of Modification*) and Residual Certificates Conditions 12.6(g) or (h) (*Additional Right of Modification*) in relation to any Base Rate Modification or Swap Rate Modification;
  - (iii) sanction a modification of the amount of principal or the rate of interest payable in respect of the Notes, or where applicable, of the method of calculating the amount payable of any principal or interest in respect of the Notes or of the method of calculating the amounts payable in respect of any Class of Residual Certificates (including, if any such modification is proposed for any Class of Notes), except in accordance with Conditions 13.6(g) or (h) (*Additional Right of Modification*) and Residual Certificates Conditions 12.6(g) or (h) (*Additional Right of Modification*) in relation to any Base Rate Modification or Swap Rate Modification;
  - (iv) alter the currency in which payments under any Class of Notes or any Class of Residual Certificates are to be made;
  - (v) alter the quorum or majority required in relation to this exception;
  - (vi) sanction any scheme or proposal for the sale, conversion or cancellation of any Class of Notes or any Class of Residual Certificates; or
  - (vii) any change to the definition of Basic Terms Modification,

(each a "**Basic Terms Modification**") shall be one or more persons holding or representing in aggregate not less than (i) three-quarters of the aggregate Principal Amount Outstanding of such Class of Notes then outstanding or (ii) three-quarters of such Class of Residual Certificates then in issue. Any Extraordinary Resolution in respect of a Basic Terms Modification shall only be effective if duly passed at separate meetings (or by separate resolutions in writing or by separate resolutions passed by way of consents received through the relevant Clearing System(s)) of each relevant affected Class of Noteholders and (if affected) Residual Certificates in accordance with the Residual Certificates Conditions.

- (d) Subject as provided below, the quorum at any adjourned meeting of Noteholders of any Class or Classes for passing an Ordinary Resolution will be one or more persons holding or representing not less than 10 per cent. of the aggregate Principal Amount Outstanding of such Class or Classes of Notes then outstanding.
- (e) Subject as provided below, the quorum at any adjourned meeting of Noteholders of any Class or Classes for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 25 per cent. of the aggregate Principal Amount Outstanding of such Class or Classes of Notes then outstanding.
- (f) Subject to the more detailed provisions set out in the Trust Deed, the quorum at any adjourned meeting of any holders of any Class or Classes of Notes or holders of any Class of Residual Certificates passing an Extraordinary Resolution to sanction a Basic Terms Modification shall be one or more persons holding or representing in aggregate not less than (i) 50 per cent. of the aggregate Principal Amount Outstanding of such Class of Notes then outstanding or (ii) 50 per cent. of such Class of Residual Certificates then in issue. Any Extraordinary Resolution in respect of a Basic Terms Modification shall only be effective if duly passed at separate meetings (or by separate resolutions in writing or by separate resolutions passed by way of consents received through the relevant Clearing System(s)) of each relevant affected Class of Noteholders and each relevant affected Class of Residual Certificates in accordance with Residual Certificates Conditions.

The terms of the Trust Deed and the Deed of Charge provide for the Noteholders to give directions in writing to the Note Trustee and the Security Trustee upon which the Note Trustee or, as the case may be, the Security Trustee is bound to act.

### 13.5 **Modification to the Transaction Documents**

- (a) The Note Trustee or, as the case may be, the Security Trustee may (or in the case of paragraph (iii) below, shall) at any time and from time to time, with the written consent of the Secured Creditors which are a party to the relevant Transaction Document (such consent to be conclusively demonstrated by such Secured Creditor entering into any deed or document purporting to modify such Transaction Document) but without the consent or sanction of the Noteholders, the Certificateholders or any other Secured Creditors agree with the Issuer and any other parties in making or sanctioning any modification:
  - (i) other than in respect of a Basic Terms Modification, to the Conditions, the Residual Certificates Conditions, the Trust Deed or any other Transaction Document, which in the opinion of the Note Trustee (acting in accordance with the Trust Deed) or, as the case may be, the Security Trustee (acting on the directions of the Note Trustee), will not be materially prejudicial to the interests of the Noteholders (or, if there are no Notes outstanding, the interests of the Certificateholders), or the interests of the Note Trustee or the Security Trustee and, for the avoidance of doubt, any modification of the Non DD Collection Account Declaration of Trust which does not affect the manner in which the Issuer's Issuer Beneficiary Trust Share (as defined in the Non DD Collection Account Declaration of Trust) is calculated will not be materially prejudicial to the interests of the Noteholders (or if there are no Notes outstanding, the interests of the Certificateholders) or the interests of the Note Trustee or the Security Trustee;
  - (ii) to the Conditions, the Residual Certificates Conditions, the Trust Deed or any other Transaction Document if in the opinion of the Note Trustee (acting in accordance with the Trust Deed) or, as the case may be, the Security Trustee, such modification is of a formal, minor or technical nature or to correct a manifest error; or

- (iii) to the Transaction Documents, the Conditions and/or the Residual Certificates Conditions that are requested in writing by the Issuer (acting in its own discretion or at the direction of any transaction party) in order to enable the Issuer to comply with any requirements which apply to it under European Regulation 648/2012 of 4 July 2012, known as the European Market Infrastructure Regulation ("**EMIR**"), irrespective of whether such modifications are (i) materially prejudicial to the interests of the holders of any Class of Notes or Residual Certificates or any other Secured Creditor or (ii) in respect of a Basic Terms Modification (any such modification, an "**EMIR Amendment**") and subject to receipt by the Note Trustee of a certificate of (i) the Issuer signed by two directors or (ii) the Servicer on behalf of the Issuer certifying to the Note Trustee and the Security Trustee that the amendments requested by the Issuer are to be made solely for the purpose of enabling the Issuer to satisfy its requirements under EMIR. Neither the Note Trustee nor the Security Trustee shall be obliged to agree to any modification pursuant to this sub-clause which (in the sole opinion of the Note Trustee and/or the Security Trustee) would have the effect of:
  - (A) exposing the Note Trustee (and/or the Security Trustee) to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction; or
  - (B) increasing the obligations or duties, or decreasing the protections of the Note Trustee (and/or the Security Trustee) in the Transaction Documents and/or the Conditions of the Notes,

provided that in respect of any modifications to any of the Transaction Documents which (a) would have the effect that immediately thereafter, the Swap Provider would be required to pay more to or receive less from a third party transferee if it were to transfer the Swap Transaction to such third party transferee (subject to and in accordance with Part 5(e) of the Swap Agreement) than would otherwise be the case if such amendment were not made; (b) would have the effect of altering the amount, timing or priority of any payments due from the Issuer to the Swap Provider; or (c) would have the effect of altering any requirement to obtain the Swap Provider's prior consent (written or otherwise) in respect of any matter, (i) the prior written consent of the Swap Provider or (ii) written notification from the Issuer or the Servicer on behalf of the Issuer to the Note Trustee and the Security Trustee that the aforementioned Swap Provider consent is not needed as the modifications do not have any of the effects described in (a), (b) or (c) above, is required.

- (b) Notwithstanding anything to the contrary in the Trust Deed or the other Transaction Documents, when implementing any EMIR Amendment pursuant to this Condition 13.5, the Note Trustee and/or Security Trustee shall not consider the interests of the Noteholders, any other Secured Creditor or any other person, but shall act and rely solely and without further investigation on any certificate provided to it by the Issuer pursuant to this Condition 13.5 and shall not be liable to any Noteholder or other Secured Creditor for so acting or relying.

### 13.6 **Additional Right of Modification**

Notwithstanding the provisions of Condition 13.5 (*Modification to the Transaction Documents*), the Note Trustee or, as the case may be, the Security Trustee, shall be obliged, without any consent or sanction of the Noteholders, the Certificateholders, or any other Secured Creditor, subject to written consent of the Secured Creditors which a party to the relevant Transaction Documents (such consent to be conclusively demonstrated by such Secured Creditor entering into any deed or document purporting to modify such Transaction Document), to concur with the Issuer in making any modification (other than in respect of a Basic Terms Modification) to these Conditions, the Residual Certificates Conditions, the Trust Deed or any other Transaction Document to which it is a party or in relation to which it holds security or to enter into any new, supplemental or additional documents that the Issuer (in each case) considers necessary:

- (a) for the purpose of complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time, provided that:
- (i) the Issuer certifies in writing to the Note Trustee and the Security Trustee that such modification is necessary to comply with such criteria or, as the case may be, is solely to implement and reflect such criteria; and
  - (ii) in the case of any modification to a Transaction Document proposed by any of the Seller, the Servicer, the Swap Provider, the Cash Manager, the Agent Bank, the Principal Paying Agent and the Issuer Account Bank (for the purpose of this Condition 13.6 only, each a "**Relevant Party**", in order (x) to remain eligible to perform its role in such capacity in conformity with such criteria and/or (y) to avoid taking action which it would otherwise be required to take to enable it to continue performing such role (including, without limitation, posting collateral or advancing funds)):
    - (A) the Relevant Party certifies in writing to the Issuer, the Note Trustee and the Security Trustee that such modification is necessary for the purposes described in paragraph (ii)(x) and/or (y) above; and
    - (B) either:
      - I. the Issuer, the Relevant Party or the Servicer (on behalf of the Issuer) obtains from each of the Rating Agencies, a Rating Agency Confirmation (or certifies in writing to the Issuer (in the case of the Relevant Party or the Servicer) and the Note Trustee that no Rating Agency Confirmation has been received within 30 days of a written request for such Rating Agency Confirmation) that such modification would not result in a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the Notes by such Rating Agency and would not result in any Rating Agency placing any Notes on rating watch negative (or equivalent) and, if relevant, delivers a copy of each such confirmation to the Issuer (in the case of the Relevant Party or the Servicer), the Note Trustee and the Security Trustee; or
      - II. the Issuer, the Relevant Party or the Servicer (on behalf of the Issuer) certifies in writing to the Note Trustee and the Security Trustee that the Rating Agencies have been informed of the proposed modification and none of the Rating Agencies has indicated that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the Notes by such Rating Agency or (y) such Rating Agency placing any Notes on rating watch negative (or equivalent); and (C) the Relevant Party pays all costs and expenses (including legal fees) incurred by the Issuer and the Note Trustee and the Security Trustee in connection with such modification;
- (b) for the purpose of complying with any obligation which applies to it (i) under Article 6 of the Securitisation Regulation, including as a result of the adoption of regulatory technical standards in relation to the Securitisation Regulation, (ii) Regulation (EU) (2017/2401) (the "**CRR Amendment Regulation**") or (iii) any other risk retention legislation or regulations or official guidance in relation thereto provided that the Issuer certifies in writing to the Note

Trustee and the Security Trustee that such modification is required solely for such purpose and has been drafted solely to such effect;

- (c) for the purpose of complying with any changes in the requirements of the Securitisation Regulation, including relating to the treatment of the Notes as a simple, transparent and standardised securitisation and together with any implementing regulation, technical standards and official guidance related thereto, in each case as amended, varied or substituted from time to time after the Closing Date, including as a result of the adoption of any changes to any secondary legislation or official guidance in relation thereto (including the appointment of a third party to assist with the Issuer's reporting obligations pursuant to the Securitisation Regulation), provided that the Issuer certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (d) for the purpose of enabling the Notes to be (or to remain) listed on Euronext Dublin, provided that the Issuer certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (e) for the purpose of enabling the Issuer or any of the other Transaction Parties to comply with FATCA, provided that the Issuer or the relevant Transaction Party, as applicable, certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (f) for the purpose of complying with, or implementing or reflecting, any changes in the manner in which the Notes are held which will allow Bank of England's sterling monetary framework, that is, in a manner which would allow such Notes to be recognised as eligible collateral for the Bank of England's monetary policy and intra-day credit operations by the Bank of England either upon issue or at any or all times during the life of the Notes, provided that the Issuer certifies in writing to the Note Trustee and the Security Trustee that such modification is required solely for such purpose and has been drafted solely to such effect;

(the certificate to be provided by the Issuer, the Servicer (on behalf of the Issuer), and/or the Relevant Party, as the case may be, pursuant to Conditions 13.6(a) to (f) above being a "**Modification Certificate**"), or

- (g) for the purpose of changing the reference rate or the base rate that then applies in respect of the Notes to an alternative base rate (including where such base rate may remain linked to SONIA but may be calculated in a different manner) (any such rate, which may include an alternative screen rate, an "**Alternative Base Rate**") and making such other amendments as are necessary or advisable in the commercially reasonable judgment of the Issuer (or the Servicer on its behalf) to facilitate such change (a "**Base Rate Modification**"), **provided that** the Issuer (or the Servicer on its behalf), certifies to the Note Trustee and the Security Trustee in writing (such certificate, a "**Base Rate Modification Certificate**") that:
  - (i) such Base Rate Modification is being undertaken due to:
    - (A) an alternative manner of calculating a SONIA-based rate being introduced and becoming a standard means of calculating interest for similar transactions;

- (B) a material disruption to SONIA, an adverse change in the methodology of calculating SONIA or SONIA ceasing to exist or be published;
  - (C) the insolvency or cessation of business of the SONIA administrator (in circumstances where no successor SONIA administrator has been appointed);
  - (D) a public statement by the SONIA administrator that it will cease publishing SONIA permanently or indefinitely (in circumstances where no successor SONIA administrator has been appointed that will continue publication of SONIA);
  - (E) a public statement by the supervisor of the SONIA administrator that SONIA has been or will be permanently or indefinitely discontinued or will be changed in an adverse manner;
  - (F) public statement by the supervisor of the SONIA administrator that means SONIA may no longer be used or that its use is subject to restrictions or adverse consequences; or
  - (G) the reasonable expectation of the Issuer (or the Servicer on its behalf) that any of the events specified in sub-paragraphs (A) to (F) above will occur or exist within six months of the proposed effective date of such Base Rate Modification; and
- (ii) such Alternative Base Rate is:
- (A) a base rate published, endorsed, approved or recognised by the Federal Reserve or the Bank of England, any regulator in the United States, the United Kingdom or the European Union or any stock exchange on which the Notes are listed (or any relevant committee or other body established, sponsored or approved by any of the foregoing);
  - (B) a base rate utilised in a material number of publicly-listed new issues of Sterling-denominated asset backed floating rate notes prior to the effective date of such Base Rate Modification;
  - (C) a base rate utilised in a publicly-listed new issue of Sterling-denominated asset backed floating rate notes where the originator of the relevant assets is CML, Broadlands or an affiliate thereof; or
  - (D) such other base rate as the Servicer (on behalf of the Issuer) reasonably determines,

and in each case, the change to the Alternative Base Rate will not, in its opinion, be materially prejudicial to the interest of the Noteholders; and

For the avoidance of doubt, the Issuer (or the Servicer on its behalf) may propose an Alternative Base Rate on more than one occasion provided that the conditions set out in this Condition 13.6(g) are satisfied;

- (h) for the purpose of changing the base rate that then applies in respect of the Swap Agreement to an alternative base rate as is necessary or advisable in the commercially reasonable judgment of the Issuer (or the Servicer on its behalf) and the Swap Provider solely as a

consequence of a Base Rate Modification and solely for the purpose of aligning the base rate of the Swap Agreement to the base rate of the Notes following such Base Rate Modification (a "**Swap Rate Modification**"), provided that the Servicer, on behalf of the Issuer, certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and it has been drafted solely to such effect (such certificate being a "**Swap Rate Modification Certificate**");

provided that, in the case of any modification made pursuant to Conditions 13.6(a) to (h) above:

- (i) at least 30 calendar days' prior written notice of any such proposed modification has been given to the Note Trustee and the Security Trustee;
- (ii) the Modification Certificate, Base Rate Modification Certificate or Swap Rate Modification Certificate, as applicable, in relation to such modification shall be provided to the Note Trustee and the Security Trustee both at the time the Note Trustee and the Security Trustee is notified of the proposed modification and on the date that such modification takes effect; and
- (iii) the consent of each Secured Creditor which is party to the relevant Transaction Document has been obtained,
- (iv) other than in the case of a modification pursuant to Condition 13.6(a)(ii), either:
  - (A) the Issuer or the Servicer (on behalf of the Issuer) obtains from each of the Rating Agencies a Rating Agency Confirmation (or certifies in the Modification Certificate that no such Rating Agency Confirmation has been received within 30 days of a written request for such Rating Agency Confirmation) that such modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the Notes by such Rating Agency or (y) such Rating Agency placing any Notes on rating watch negative (or equivalent); or
  - (B) the Issuer or the Servicer (on behalf of the Issuer) certifies in the Modification Certificate, Base Rate Modification Certificate or Swap Rate Modification Certificate, as applicable, that it has informed the Rating Agencies of the proposed modification and none of the Rating Agencies has indicated that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the Notes by such Rating Agency or (y) such Rating Agency placing any Notes on rating watch negative (or equivalent);
- (v) the Issuer certifies in writing to the Note Trustee and the Security Trustee (which certification may be in the Modification Certificate, Base Rate Modification Certificate or Swap Rate Modification Certificate, as applicable) that (I) the Issuer has provided at least 30 calendar days' notice to the Noteholders of each Class of the proposed modification in accordance with Condition 16 (*Notice to Noteholders*) and by publication on Bloomberg on the "Company Filings" screen relating to the Notes, and (II) Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have not contacted the Issuer in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within such notification period notifying the Issuer that such Noteholders do not consent to the modification;



- (vi) when implementing any modification pursuant to this Condition 13.6 (save to the extent the Note Trustee considers that the proposed modification would constitute a Basic Terms Modification), neither the Note Trustee nor the Security Trustee shall consider the interests of the Noteholders, any other Secured Creditor or any other person but shall act and rely solely and without further investigation on any certificate or evidence provided to it by the Issuer or the relevant Transaction Party, as the case may be, pursuant to this Condition 13.6 and shall not be liable to the Noteholders, any other Secured Creditor for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person; and
- (vii) neither the Note Trustee nor the Security Trustee shall be obliged to agree to any modification which, in the sole opinion of the Note Trustee and/or the Security Trustee would have the effect of (i) exposing the Note Trustee and/or the Security Trustee to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protection, of the Note Trustee and/or the Security Trustee in the Transaction Documents and/or these Conditions.

If Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have notified the Issuer in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within the notification period referred to above that they do not consent to the modification, then such modification will not be made unless an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes then outstanding is passed in favour of such modification in accordance with this Condition 13.

Objections made in writing other than through the applicable clearing system must be accompanied by evidence to the Issuer's satisfaction (having regard to prevailing market practices) of the relevant Noteholder's holding of the Notes.

Any such modification shall be binding on all Noteholders and shall be notified by the Issuer as soon as reasonably practicable to:

- (a) so long as any of the Notes rated by the Rating Agencies remains outstanding, each Rating Agency;
- (b) the Secured Creditors; and
- (c) the Noteholders in accordance with Condition 16 (*Notice to Noteholders*).

### 13.7 Authorisation or Waiver of Breach

The Note Trustee and/or the Security Trustee, as applicable, may, without the consent or sanction of the Noteholders, the Certificateholders or the other Secured Creditors and without prejudice to its rights in respect of any further or other breach, from time to time and at any time, authorise or waive any proposed or actual breach of any of the covenants or provisions contained in or arising pursuant to the Conditions, the Residual Certificates Conditions or any of the Transaction Documents by any party thereto, provided that the Note Trustee shall not exercise any powers conferred on it by this Condition 13.7 in contravention of any express direction given by Extraordinary Resolution of the holders of the Most Senior Class or by a direction under Condition 11 (*Events of Default*) but so that no such direction or request shall affect any waiver, authorisation or determination previously given or made.

**13.8 Notification of modifications, waivers, authorisations or determinations**

Any such modification, waiver, authorisation or determination by the Note Trustee and/or the Security Trustee, as applicable, in accordance with these Conditions, the Residual Certificates Conditions or the Transaction Documents shall be binding on the Noteholders and, unless the Note Trustee or, as the case may be, the Security Trustee agrees otherwise, any such modification shall be notified by the Issuer to the Noteholders in accordance with Condition 16 (*Notice to Noteholders*), the Rating Agencies (while any Notes remain outstanding) and the Secured Creditors as soon as practicable thereafter.

- 13.9 In connection with any such substitution of principal debtor referred to in Condition 8.4 (*Mandatory Redemption of the Notes for Taxation or Other Reasons*), the Note Trustee and the Security Trustee may also agree, without the consent of the Noteholders or the other Secured Creditors, to a change of the laws governing the Notes, these Conditions and/or any of the Transaction Documents, provided that such change would not, in the opinion of the Note Trustee or, as the case may be, the Security Trustee, be materially prejudicial to the interests of the Noteholders or the other Secured Creditors.
- 13.10 In determining whether a proposed action will not be materially prejudicial to the Noteholders or any Class thereof, the Note Trustee and the Security Trustee may, among other things, have regard to whether the Rating Agencies have confirmed in writing to the Issuer or any other party to the Transaction Documents that any proposed action will not result in the withdrawal or reduction of, or entail any other adverse action with respect to, the then current ratings of the Notes. It is agreed and acknowledged by the Note Trustee and the Security Trustee that, notwithstanding the foregoing, a credit rating is an assessment of credit and does not address other matters that may be of relevance to the Noteholders. In being entitled to take into account that each of the Rating Agencies has confirmed that the then current ratings of the Notes would not be adversely affected, it is agreed and acknowledged by the Note Trustee and the Security Trustee this does not impose or extend any actual or contingent liability for each of the Rating Agencies to the Security Trustee, the Note Trustee, the Noteholders or any other person, or create any legal relations between each of the Rating Agencies and the Security Trustee, the Note Trustee, the Noteholders or any other person, whether by way of contract or otherwise.
- 13.11 Where, in connection with the exercise or performance by each of them of any right, power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Transaction Documents (including in relation to any modification, waiver, authorisation, determination, substitution or change of laws as referred to above), the Note Trustee or the Security Trustee is required to have regard to the interests of the Noteholders of any Class or Classes, it shall (A) have regard to the general interests of the Noteholders of such Class or Classes but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise or performance for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof, and the Note Trustee or, as the case may be, the Security Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Note Trustee or the Security Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders and (B) subject to the more detailed provisions of the Trust Deed and the Deed of Charge, as applicable, have regard to the interests of holders of each Class of Notes (except where expressly provided otherwise) but requiring the Note Trustee and the Security Trustee where there is a conflict of interests between one or more Classes of Notes and/or Residual Certificates in any such case to have regard (except as expressly provided otherwise) to the interests of the holders of the Class or Classes of Notes ranking in priority to the other relevant Classes of Notes.

13.12 Other than in respect of any matter requiring an Extraordinary Resolution, Noteholders are required to vote by way of an Ordinary Resolution.

13.13 "**Ordinary Resolution**" means, in respect of the holders of any of the Classes of Notes:

- (a) a resolution passed at a meeting of Noteholders duly convened and held in accordance with the Trust Deed and these Conditions by a clear majority of the Eligible Persons voting thereat on a show of hands or, if a poll is duly demanded, by a clear majority of the votes cast on such poll;
- (b) a resolution in writing signed by or on behalf of the Noteholders of not less than a clear majority in aggregate Principal Amount Outstanding of the relevant Class of Notes, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Noteholders of the relevant Class; or
- (c) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Note Trustee) by or on behalf of the Noteholders of not less than a clear majority in aggregate Principal Amount Outstanding of the relevant Class of Notes.

13.14 "**Extraordinary Resolution**" means, in respect of the holders of any of the Classes of Notes:

- (a) a resolution passed at a meeting of Noteholders duly convened and held in accordance with the Trust Deed and these Conditions by a majority consisting of not less than three-quarters of Eligible Persons voting at such meeting upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than three-quarters of the votes cast on such poll;
- (b) a resolution in writing signed by or on behalf of the Noteholders of not less than three-quarters in aggregate Principal Amount Outstanding of the relevant Class of Notes, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Noteholders of the relevant Class; or
- (c) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Note Trustee) by or on behalf of the Noteholders of not less than three-quarters in aggregate Principal Amount Outstanding of the relevant Class of Notes.

13.15 "**Eligible Person**" means any one of the following persons who shall be entitled to attend and vote at a meeting:

- (a) a bearer of any Voting Certificate; and
- (b) a proxy specified in any Block Voting Instruction.

13.16 "**Voting Certificate**" means an English language certificate issued by a Paying Agent in which it is stated:

- (a) that on the date thereof the Notes and/or Residual Certificates (not being the Notes and/or Residual Certificates (as applicable) in respect of which a Block Voting Instruction has been issued and is outstanding in respect of the meeting specified in such Voting Certificate) are blocked in an account with a clearing system and that no such Notes and/or Residual Certificates will cease to be so blocked until the first to occur of:
  - (i) the conclusion of the meeting specified in such Voting Certificate; and

- (ii) the surrender of the Voting Certificate to the Paying Agent who issued the same; and
  - (b) that the bearer thereof is entitled to attend and vote at such meeting in respect of the Notes and/or Residual Certificates represented by such Voting Certificate.
- 13.17 **"Block Voting Instruction"** means an English language document issued by a Paying Agent in which:
- (a) it is certified that on the date thereof Notes and/or Residual Certificates (not being Notes and/or Residual Certificates (as applicable) in respect of which a Voting Certificate has been issued and is outstanding in respect of the meeting specified in such Block Voting Instruction) are blocked in an account with a clearing system and that no such Notes and/or such Residual Certificates will cease to be so blocked until the first to occur of:
    - (i) the conclusion of the meeting specified in such Block Voting Instruction; and
    - (ii) the Notes and/or the Residual Certificates ceasing with the agreement of the Paying Agent to be so blocked and the giving of notice by the Paying Agent to the Issuer of the necessary amendment to the Block Voting Instruction;
  - (b) it is certified that each holder of such Notes and/or such Residual Certificates has instructed such Paying Agent that the vote(s) attributable to the Notes and/or the Residual Certificates so blocked should be cast in a particular way in relation to the resolution(s) to be put to such meeting and that all such instructions are, during the period commencing 48 hours prior to the time for which such meeting is convened and ending at the conclusion or adjournment thereof, neither revocable nor capable of amendment;
  - (c) the aggregate principal amount or aggregate total amount of the Notes and/or the number of Residual Certificates so blocked is listed distinguishing with regard to each such resolution between those in respect of which instructions have been given that the votes attributable thereto should be cast in favour of the resolution and those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution; and
  - (d) one or more persons named in such Block Voting Instruction (each hereinafter called a "**proxy**") is or are authorised and instructed by such Paying Agent to cast the votes attributable to the Notes and/or the Residual Certificates so listed in accordance with the instructions referred to in paragraph (c) above as set out in such Block Voting Instruction, provided that no such person shall be named as a proxy:
    - (i) whose appointment has been revoked and in relation to whom the relevant Paying Agent has been notified in writing of such revocation by the time which is 48 hours before the time fixed for such meeting; and
    - (ii) who was originally appointed to vote at a meeting which has been adjourned for want of a quorum and who has not been re-appointed to vote at the meeting when it is resumed.
- 13.18 Details of any Extraordinary Resolution and any Ordinary Resolution passed in accordance with the provisions of the Trust Deed shall be notified to each of the Rating Agencies by the Principal Paying Agent on behalf of the Issuer.

### 13.19 Issuer Substitution Condition

The Note Trustee and Security Trustee may agree, subject to such amendment of these Conditions and of any of the Transaction Documents, and to such other conditions as the Note Trustee and Security Trustee may require and subject to the terms of the Trust Deed, but without the consent of the Noteholders, to the substitution of another body corporate in place of the Issuer as principal debtor under the Trust Deed, the Notes and the Residual Certificates and in respect of the other Secured Obligations, provided that the conditions set out in the Trust Deed are satisfied including, *inter alia*, that the Notes are unconditionally and irrevocably guaranteed by the Issuer (unless all of the assets of the Issuer are transferred to such body corporate) and that such body corporate is a single purpose vehicle and undertakes itself to be bound by provisions corresponding to those set out in Condition 5 (*Covenants*) (the "**Issuer Substitution Condition**"). In the case of a substitution pursuant to this Condition 13.19, the Note Trustee and Security Trustee may in their absolute discretion agree, without the consent of the Noteholders, to a change in law governing the Notes and/or any of the Transaction Documents unless such change would, in the opinion of the Note Trustee and Security Trustee, be materially prejudicial to the interests of the Noteholders.

### 14. INDEMNIFICATION AND EXONERATION OF THE NOTE TRUSTEE AND THE SECURITY TRUSTEE

The Trust Deed and the Deed of Charge contain provisions governing the responsibility (and relief from responsibility) of the Note Trustee and the Security Trustee respectively and providing for their indemnification in certain circumstances, including provisions relieving them from taking action or, in the case of the Security Trustee, enforcing the Security, unless indemnified and/or prefunded and/or secured to their satisfaction.

The Trust Deed and the Deed of Charge also contain provisions pursuant to which the Note Trustee and the Security Trustee are entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any other party to any of the Transaction Documents and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any other party to any of the Transaction Documents, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, individual Noteholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

### 15. REPLACEMENT OF NOTES

If any Note is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of the Registrar subject to all applicable laws and stock exchange requirements. Replacement of any mutilated, defaced, lost, stolen or destroyed Note will only be made on payment of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. A mutilated or defaced Note must be surrendered before a new one will be issued.

### 16. NOTICE TO NOTEHOLDERS

#### 16.1 Publication of Notice

- (a) Subject to Condition 16.1(d), any notice to Noteholders shall be validly given if published in the *Financial Times* or, if such newspaper shall cease to be published or if timely publication therein is not practicable, in such other English newspaper or newspapers as the Note Trustee shall approve in advance having a general circulation in the United Kingdom, provided that if, at any time, (i) the Issuer procures that the information concerned in such notice shall appear on a page of the Reuters

screen, the Bloomberg screen or any other medium for electronic display of data as may be previously approved in writing by the Note Trustee and notified to Noteholders (in each case a "**Relevant Screen**"), or (ii) Condition 16.1(c) below applies and the Issuer has so elected, publication in the newspaper set out above or such other newspaper or newspapers shall not be required with respect to such notice. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which (or on the Relevant Screen) publication is required.

- (b) In respect of Notes in definitive form, notices to Noteholders will be sent to them by first class post (or its equivalent) or (if posted to an address outside the United Kingdom) by airmail at the respective addresses on the Register. Any such notice will be deemed to have been given on the fourth day after the date of posting.
- (c) While the Notes are represented by Global Note, notices to Noteholders will be valid if published as described above or, at the option of the Issuer, if submitted to Euroclear and/or Clearstream, Luxembourg for communication by them to Noteholders. Any notice delivered to Euroclear and/or Clearstream, Luxembourg, as aforesaid shall be deemed to have been given on the day of such delivery.
- (d) So long as the relevant Notes are admitted to trading on, and listed on the official list of, Euronext Dublin all notices to the Noteholders will be valid if published in a manner which complies with the rules and regulations of Euronext Dublin (which includes delivering a copy of such notice to Euronext Dublin) and any such notice will be deemed to have been given on the date sent to Euronext Dublin.

#### 16.2 **Note Trustee's Discretion to Select Alternative Method**

The Note Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or category of them if, in its sole opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchanges, competent listing authorities and/or quotation systems on or by which the Notes are then listed, quoted and/or traded and provided that notice of such other method is given to the Noteholders in such manner as the Note Trustee shall require.

### 17. **REPLACEMENT NOTES**

If the Issuer Substitution Condition is satisfied in accordance with these Terms and Conditions and the Trust Deed, the Issuer may, without the consent of the Noteholders, issue one or more classes of replacement notes to replace one or more Classes of Notes, each class of which shall have terms and conditions which may differ from the terms and conditions of the Class of Notes which it replaces.

### 18. **SUBORDINATION BY DEFERRAL**

#### 18.1 **Interest**

If, on any Interest Payment Date, the Issuer has insufficient funds to make payment in full of all amounts of interest (which shall, for the purposes of this Condition 18, include any interest previously deferred under this Condition 18.1 and accrued interest thereon) payable in respect of the Notes other than the Most Senior Class of Notes after having paid or provided for items of higher priority in the Pre-Enforcement Revenue Priority of Payments, then the Issuer shall be entitled to defer to the next Interest Payment Date the payment of interest (such interest, the "**Deferred Interest**") in respect of the Notes other than the Most Senior Class of Notes to the extent only of any insufficiency of funds.

## 18.2 General

Any amounts of Deferred Interest in respect of a Class of Notes shall accrue interest ("**Additional Interest**") at the same rate and on the same basis as scheduled interest in respect of the corresponding Class of Notes, but shall not be capitalised. Such Deferred Interest and Additional Interest shall, in any event, become payable on the next Interest Payment Date (unless and to the extent that Condition 18.1 (*Interest*) applies) or on such earlier date as the relevant Class of Notes becomes due and repayable in full in accordance with these Conditions.

## 18.3 Notification

As soon as practicable after becoming aware that any part of a payment of interest on a Class of Notes will be deferred or that a payment previously deferred will be made in accordance with this Condition 18, the Issuer will give notice thereof to the relevant Class of Noteholders, as appropriate, in accordance with Condition 16 (*Notice to Noteholders*). Any deferral of interest in accordance with this Condition 18 will not constitute an Event of Default. The provisions of this Condition 18 shall cease to apply on the Final Maturity Date, or any earlier date on which the Notes are redeemed in full or, are required to be redeemed in full, at which time all deferred interest and accrued interest thereon shall become due and payable.

## 19. NON-RESPONSIVE RATING AGENCY

- (a) In respect of the exercise of any power, duty, trust, authority or discretion as contemplated hereunder or in relation to the Notes and any of the Transaction Documents, the Note Trustee and the Security Trustee shall be entitled but not obliged to take into account any written confirmation or affirmation (in any form acceptable to the Note Trustee and the Security Trustee) from the relevant Rating Agencies that the then current ratings of the Notes will not be reduced, qualified, adversely affected or withdrawn thereby (a "**Rating Agency Confirmation**").
- (b) If a Rating Agency Confirmation or other response by a Rating Agency is a condition to any action or step under any Transaction Document and a written request for such Rating Agency Confirmation or response is delivered to each Rating Agency by or on behalf of the Issuer (copied to the Note Trustee and the Security Trustee, as applicable) and:
  - (i) (A) one Rating Agency (such Rating Agency, a "**Non-Responsive Rating Agency**") indicates that it does not consider such Rating Agency Confirmation or response necessary in the circumstances or that it does not, as a matter of practice or policy, provide such Rating Agency Confirmation or response or (B) within 30 days of delivery of such request, no Rating Agency Confirmation or response is received and/or such request elicits no statement by such Rating Agency that such Rating Agency Confirmation or response could not be given; and
  - (ii) one Rating Agency gives such Rating Agency Confirmation or response based on the same facts,

then such condition to receive a Rating Agency Confirmation or response from each Rating Agency shall be modified so that there shall be no requirement for the Rating Agency Confirmation or response from the Non-Responsive Rating Agency if the Issuer provides to the Note Trustee and the Security Trustee a certificate signed by two directors certifying and confirming that each of the events in paragraphs (i)(A) or (B) and (ii) above has occurred. If no such confirmation from the Rating Agencies is forthcoming and the Issuer or the Servicer on behalf of the Issuer has certified the same in writing to the Note Trustee and the Security Trustee (an "**Issuer Certificate**"), the Security Trustee and the Note Trustee shall be entitled (but not obliged) to assume that such proposed action:

- (a) (while any of the Notes remain outstanding) has been notified to the Rating Agencies;
- (b) would not adversely impact on the Issuer's ability to make payment when due in respect of the Notes;
- (c) would not affect the legality, validity and enforceability of any of the Transaction Documents or any Security; and
- (d) (while any of the Notes remain outstanding) the then current rating of the Notes would not be reduced, qualified, adversely affected or withdrawn,

upon which confirmation from the Rating Agencies and/or Issuer Certificate, the Note Trustee and the Security Trustee shall be entitled to rely absolutely without liability to any person for so doing. In being entitled to take into account any such confirmation from the Rating Agencies, it is agreed and acknowledged by the Note Trustee and the Security Trustee that this does not impose or extend any actual or contingent liability for each of the Rating Agencies to the Security Trustee, the Note Trustee, the Noteholders or any other person or create any legal relations between each of the Rating Agencies and the Security Trustee, the Note Trustee, the Noteholders or any other person whether by way of contract or otherwise.

## **20. JURISDICTION AND GOVERNING LAW**

- (a) The Courts of England (the "**Courts**") are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes, the Residual Certificates and the Transaction Documents (including a dispute relating to non-contractual obligations or a dispute regarding the existence, validity or termination of any of the Notes, the Residual Certificates or the Transaction Documents or the consequences of their nullity) and accordingly any legal action or proceedings arising out of or in connection with the Notes and/or the Residual Certificates and/or the Transaction Documents may be brought in such Courts.
- (b) The Transaction Documents, the Notes, the Residual Certificates and these Conditions (and any non-contractual obligations arising out of or in connection with them) are governed by, and shall be construed in accordance with, English law except that, to the extent that the provisions of the Mortgage Sale Agreement, the Deed of Charge and any security documents supplemental thereto relate to the Scottish Loans, such provisions and documents shall be construed and/or (as applicable) governed by Scots law.

## **21. RIGHTS OF THIRD PARTIES**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes or these Conditions, but this does not affect any right or remedy of any person which exists or is available apart from that Act.



## TERMS AND CONDITIONS OF THE RESIDUAL CERTIFICATES

*The following are the terms and conditions of the Residual Certificates in the form (subject to amendment) in which they will be set out in the Trust Deed (as defined below)*

### 1. GENERAL

The 100 RC1 Residual Certificates (the "**RC1 Residual Certificates**") and the 100 RC2 Residual Certificates (the "**RC2 Residual Certificates**") and together with the RC1 Residual Certificates, the "**Residual Certificates**") of CMF 2020-1 PLC (the "**Issuer**") are constituted by a trust deed (the "**Trust Deed**") dated on or about 26 February 2020 (the "**Closing Date**") and made between, among others, the Issuer and U.S. Bank Trustees Limited as trustee for the registered holders for the time being of the Residual Certificates (the "**Certificateholders**") (in such capacity, the "**Note Trustee**"). Any reference in these residual certificates terms and conditions (the "**Residual Certificates Conditions**") to a "**Class**" of Notes or of Noteholders or (as applicable) of Residual Certificates or of Certificateholders shall be a reference to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class X Notes, the RC1 Residual Certificates or the RC2 Residual Certificates, as the case may be, or to the respective holders thereof. The security for the Residual Certificates is constituted by and pursuant to a deed of charge and assignment (the "**Deed of Charge**") dated on the Closing Date and made between, among others, the Issuer and U.S. Bank Trustees Limited as trustee for the Secured Creditors (in such capacity, the "**Security Trustee**").

Pursuant to an agency agreement (the "**Agency Agreement**") dated on or prior to the Closing Date and made between the Issuer, the Note Trustee, Elavon Financial Services DAC, UK Branch as principal paying agent (in such capacity, the "**Principal Paying Agent**" and, together with any further or other paying agent appointed under the Agency Agreement, the "**Paying Agent**"), Elavon Financial Services DAC as registrar (in such capacity, the "**Registrar**") and Elavon Financial Services DAC, UK Branch as agent bank (in such capacity, the "**Agent Bank**"), provision is made for, *inter alia*, the payment of amounts in respect of the Residual Certificates.

The statements in these Residual Certificates Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Deed of Charge, the Agency Agreement and a master definitions and construction schedule (the "**Master Definitions and Construction Schedule**") entered into by, among others, the Issuer, the Note Trustee and the Security Trustee on the Closing Date and the other Transaction Documents (as defined therein).

Physical copies of the Trust Deed, the Deed of Charge, the Agency Agreement, the Master Definitions and Construction Schedule and the other Transaction Documents are available for inspection during normal business hours at the specified office for the time being of each of the Paying Agents. The Certificateholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Transaction Documents applicable to them.

### 2. INTERPRETATION

#### 2.1 Definitions

Capitalised terms not otherwise defined in these Residual Certificates Conditions shall bear the meanings given to them in the Master Definitions and Construction Schedule available as described above.

## 2.2 Interpretation

These Residual Certificates Conditions shall be construed in accordance with the principles of construction set out in the Master Definitions and Construction Schedule.

## 3. FORM AND TITLE

### 3.1 Form and Denomination

The RC1 Residual Certificates and the RC2 Residual Certificates will initially be represented by a global residual certificate in registered form (a "**Global Residual Certificate**").

For so long as any of the Residual Certificates are represented by a Global Residual Certificate, transfers and exchanges of beneficial interests in such Global Residual Certificate and entitlement to payments thereunder will be effected subject to and in accordance with the rules and procedures from time to time of Euroclear Bank SA/NV ("**Euroclear**") or Clearstream Banking, S.A. ("**Clearstream, Luxembourg**"), as appropriate. The Global Residual Certificate will be deposited with and registered in the name of a common safekeeper (or a nominee thereof) for Euroclear and Clearstream, Luxembourg.

A Global Residual Certificate will be exchanged for the relevant Residual Certificate in definitive registered form (such exchanged Global Residual Certificate in definitive registered form, the "**Definitive Residual Certificates**") only if either of the following applies:

- (a) both Euroclear and Clearstream, Luxembourg:
  - (i) are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise); or
  - (ii) announce an intention permanently to cease business or to cease to make their book-entry systems available for settlement of beneficial interests in the Global Residual Certificate and do in fact do either of those things,and in either case no alternative clearing system satisfactory to the Note Trustee is available;  
or
- (b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political subdivision thereof) or of any authority therein or thereof having power to tax, or in the interpretation or administration by a revenue authority or a court or in the application of such laws or regulations which become effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding for or on account of tax from any payment in respect of the Residual Certificates which would not be required were the relevant Residual Certificates in definitive registered form.

If Definitive Residual Certificates are issued in respect of Residual Certificates originally represented by a Global Residual Certificate, the beneficial interests represented by such Global Residual Certificate shall be exchanged by the Issuer for the relevant Residual Certificates in registered definitive form.

Definitive Residual Certificates will be serially numbered and will be issued in registered form only.

References to "**Residual Certificates**" in these Residual Certificates Conditions shall include the Global Residual Certificate and the Definitive Residual Certificates.

### 3.2 Title

Title to the Global Residual Certificate shall pass by and upon registration in the register (the "**Register**") which the Issuer shall procure to be kept by the Registrar. The registered holder of a Global Residual Certificate may (to the fullest extent permitted by applicable laws) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Global Residual Certificate regardless of any notice of ownership, theft or loss or any trust or other interest therein or of any writing thereon (other than the endorsed form of transfer).

Title to Definitive Residual Certificates shall only pass by and upon registration of the transfer in the Register.

Definitive Residual Certificates may be transferred upon the surrender of the relevant Definitive Residual Certificate, with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. All transfers of Definitive Residual Certificates are subject to any restrictions on transfer set out on the Definitive Residual Certificates and the detailed regulations concerning transfers in the Agency Agreement.

Each new Definitive Residual Certificate to be issued upon transfer of such Definitive Residual Certificate will, within five Business Days of receipt and surrender of such Definitive Residual Certificate (duly completed and executed) for transfer, be available for delivery at the specified office of the Registrar or be mailed at the risk of the transferee entitled to such Definitive Residual Certificate to such address as may be specified in the relevant form of transfer.

Registration of a Definitive Residual Certificate on transfer will be effected without charge by the Registrar, but subject to payment of (or the giving of such indemnity as the Registrar may require for) any tax, stamp duty or other government charges which may be imposed in relation to it.

## 4. STATUS AND SECURITY

### 4.1 Status of the Residual Certificates

The Residual Certificates constitute direct, secured and (subject to the limited recourse provision in Residual Certificates Condition 11.3 (*Limited Recourse*)) unconditional obligations of the Issuer, and represent the Issuer's obligation to pay deferred consideration for its purchase of the Portfolio, consisting of the RC1 Payments and the RC2 Payments. The RC1 Residual Certificates rank *pro rata* and *pari passu* without preference or priority among themselves in relation to RC1 Payments and the RC2 Residual Certificates rank *pro rata* and *pari passu* without preference or priority among themselves in relation to RC2 Payments. RC1 Payments and RC2 Payments will be made subject to and in accordance with the Pre-Enforcement Revenue Priority of Payments, Pre-Enforcement Redemption Priority of Payments and Post-Enforcement Priority of Payments.

The Trust Deed and the Deed of Charge contain provisions requiring the Note Trustee and the Security Trustee, respectively, to have regard to the interests of the holders of each Class of Certificates as regards all rights, powers, trusts, authorities, duties and discretions of the Note Trustee and the Security Trustee (except where expressly provided otherwise) but requiring the Note Trustee and the Security Trustee where there is a conflict of interests between one or more classes of Notes and/or Residual Certificates in any such case to have regard (except as expressly provided otherwise) to the interests of the Noteholders for so long as there are any Notes outstanding and, if there are no Notes outstanding, to have regard (except as expressly provided otherwise), prior to (but excluding) the Optional Redemption Date, to the holders of the RC1 Residual Certificates and thereafter, to the holders of the RC2 Residual Certificates.

## 4.2 Security

The security constituted by or pursuant to the Deed of Charge is granted to the Security Trustee for it to hold on trust for the Certificateholders and the other Secured Creditors, upon and subject to the terms and conditions of the Deed of Charge.

The Certificateholders and the other Secured Creditors will share in the benefit of the security constituted by or pursuant to the Deed of Charge, upon and subject to the terms and conditions of the Deed of Charge.

## 5. ISSUER COVENANTS

Save with the prior written consent of the Note Trustee or unless otherwise permitted under any of these Residual Certificates Conditions or any of the Transaction Documents, the Issuer shall not, so long as any Residual Certificate remains outstanding:

- (a) **Negative pledge:** create or permit to subsist any encumbrance (unless arising by operation of law) or other security interest whatsoever over any of its assets or undertaking;
- (b) **Restrictions on activities:** (i) engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage or (ii) have any subsidiaries, any subsidiary undertaking (as defined in the Companies Act 1985 and the Companies Act 2006 (as applicable)) or any employees (but shall procure that, at all times, it shall retain at least one independent director) or premises;
- (c) **Disposal of assets:** assign, transfer, sell, lend, lease, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire all or any of, its assets or undertakings or any interest, estate, right, title or benefit therein or attempt or purport to do any of the foregoing;
- (d) **Equitable and Beneficial Interest:** permit any person, other than itself and the Security Trustee, to have any equitable or beneficial interest in any of its assets or undertakings or any interest, estate, right, title or benefit therein;
- (e) **Dividends or distributions:** pay any dividend or make any other distribution to its shareholders except out of amounts of profit retained by the Issuer in accordance with the applicable Priority of Payments which are available for distribution in accordance with the Issuer's memorandum and articles of association and with applicable laws or issue any further shares;
- (f) **Indebtedness:** incur any financial indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness or of any other obligation of any person;
- (g) **Merger:** consolidate or merge with any other person or convey or transfer substantially all of its properties or assets to any other person;
- (h) **No modification or waiver:** permit any of the Transaction Documents to which it is a party to become invalid or ineffective or permit the priority of the security interests created or evidenced thereby or pursuant thereto to be varied, modified, terminated, postponed, waived or agree to any modification of, or grant any consent, approval, authorisation or waiver pursuant to, or in connection with, any of the Transaction Documents to which it is a party or permit any party to any of the Transaction Documents to which it is a party to be released

from its obligations or exercise any right to terminate any of the Transaction Documents to which it is a party;

- (i) **Bank accounts:** have an interest in any bank account other than the Issuer Accounts and the Issuer's interest in the Non-DD Collection Account Trust, unless such account or interest therein is charged to the Security Trustee on terms acceptable to the Security Trustee;
- (j) **Purchase Residual Certificates:** purchase or otherwise acquire any Residual Certificates; or
- (k) **U.S. activities:** engage in any activities in the United States (directly or through agents), or derive any income from United States sources as determined under United States income tax principles, or hold any property if doing so would cause it to be engaged in a trade or business within the United States as determined under United States income tax principles.

## 6. RESIDUAL PAYMENTS

### 6.1 Right to RC1 Payments and RC2 Payments

Each RC1 Residual Certificate represents a *pro rata* entitlement to receive RC1 Payments and each RC2 Residual Certificate represents a *pro rata* entitlement to receive RC2 Payments, by way of deferred consideration for the purchase by the Issuer of the Portfolio.

### 6.2 Payment

A RC1 Payment and a RC2 Payment may be payable in respect of the Residual Certificates on each Interest Payment Date, other than an Interest Payment Date falling within a Determination Period and each date on which amounts are to be applied in accordance with the Post-Enforcement Priority of Payments.

- (a) **"Determination Period"** has the meaning set out in Condition 6.8 (*Determinations and Reconciliation*).
- (b) **"Interest Payment Date"** means each date determined as an Interest Payment Date in accordance with the Conditions of the Notes.
- (c) **"RC1 Payment"** means:
  - (i) prior to (but excluding) the Optional Redemption Date, an amount equal to the Residual Payment; and
  - (ii) thereafter, zero.
- (d) **"RC1 Payment Amount"** means for a RC1 Residual Certificate on any date on which amounts are to be applied in accordance with the applicable Priority of Payments, the RC1 Payment for that date, divided by the number of RC1 Residual Certificates then in issue.
- (e) **"RC2 Payment"** means:
  - (i) on and following the Optional Redemption Date, an amount equal to the Residual Payment; and
  - (ii) at all other times, zero.

- (f) **"RC2 Payment Amount"** means for a RC2 Residual Certificate on any date on which amounts are to be applied in accordance with the applicable Priority of Payments, the RC2 Payment for that date, divided by the number of RC2 Residual Certificates then in issue.
- (g) **"Residual Payment"** means payment, by way of deferred consideration for the Issuer's purchase of the Portfolio, of an amount equal to:
  - (i) prior to the delivery of an Enforcement Notice, in respect of each Interest Payment Date, the sum of the amount (if any) by which Available Revenue Receipts exceeds the amounts required to satisfy items (a) to (v) of the Pre-Enforcement Revenue Priority of Payments on that Interest Payment Date; and
  - (ii) following the delivery of an Enforcement Notice, in respect of each date on which amounts are to be applied in accordance with the Post-Enforcement Priority of Payments, the amount by which amounts available for payment in accordance with the Post-Enforcement Priority of Payments exceeds the amounts required to satisfy items (a) to (l) of the Post-Enforcement Priority of Payments on that date.
- (h) **"Residual Payment Amount"** means, in respect of the RC1 Residual Certificates, the RC1 Payment Amount and/or in respect of the RC2 Residual Certificates, the RC2 Payment Amount.

### 6.3 **Determination of RC1 Payment and RC2 Payment**

The Cash Manager shall on each Calculation Date determine the RC1 Payment and the RC2 Payment payable on the immediately following Interest Payment Date and the Residual Payment Amount payable in respect of each Residual Certificate on such Interest Payment Date.

### 6.4 **Publication of RC1 Payment, RC Payment and Residual Payment Amount**

The Cash Manager shall cause the RC1 Payment, RC2 Payment and Residual Payment Amount (if any) for each Interest Payment Date to be notified to the Issuer, the Cash Manager, the Note Trustee, the Registrar and the Paying Agents (as applicable) and to be published in accordance with Residual Certificates Condition 15 (*Notice to Certificateholders*) as soon as possible after their determination and in no event later than two Business Days prior to the immediately succeeding Interest Payment Date.

### 6.5 **Notifications to be Final**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Residual Certificates Condition 6.5, whether by the Cash Manager, will (in the absence of wilful default, gross negligence, fraud or manifest error) be binding on the Issuer, the Cash Manager, the Note Trustee, the Registrar, the Paying Agents and all Certificateholders and (in the absence of wilful default, gross negligence, fraud or manifest error) no liability to the Issuer or the Certificateholders shall attach to the Cash Manager in connection with the exercise or non-exercise by any of them of their powers, duties and discretions under this Residual Certificates Condition 6.5.

### 6.6 **Termination of Payments**

Following the redemption in full of the Notes, the realisation of the Charged Assets and payment of the proceeds of realisation in accordance with the applicable Priority of Payments, no more RC1 Payments or RC2 Payments will be made by the Issuer and the Residual Certificates shall be redeemed and cancelled.

## **7. PAYMENTS**

### **7.1 Payment of Residual Payment Amounts**

Subject to paragraph 2 of Residual Certificates Condition 3.1 (*Form and Denomination*), payments of Residual Payment Amounts shall be made by:

- (a) (other than in the case of final cancellation) Sterling cheque; or
- (b) (other than in the case of final cancellation) upon application by the relevant Certificateholder to the specified office of the Principal Paying Agent not later than the 15th day before the due date for any such payment, by transfer to a Sterling account maintained by the payee with a bank in London; and
- (c) (in the case of final cancellation) Sterling cheque upon surrender (or, in the case of part-payment only, endorsement) of the relevant Global Residual Certificate or Definitive Residual Certificate (as the case may be) at the specified office of any Paying Agent.

### **7.2 Laws and Regulations**

Payments of any Residual Payment Amounts are subject, in all cases, to (i) any fiscal or other laws and regulations applicable thereto and (ii) any withholding or deduction required pursuant to an agreement described in section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to sections 1471 to 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof or any law implementing an intergovernmental approach thereto ("**FATCA**"). Certificateholders will not be charged commissions or expenses on payments.

### **7.3 Change of Paying Agents**

The Issuer reserves the right, subject to the prior written approval of the Note Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent or the Registrar and to appoint additional or other agents, provided that:

- (a) there will at all times be a person appointed to perform the obligations of the Principal Paying Agent with a specified office in London, and a person appointed to perform the obligations of the Registrar with a specified office in Ireland or in London; and
- (b) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union.

Except where otherwise provided in the Trust Deed or the Agency Agreement, the Issuer will cause notice of no more than 30 days and no less than 15 days of any change in or addition to the Paying Agents or the Registrar or their specified offices to be given to the Certificateholders in accordance with Residual Certificates Condition 15 (*Notice to Certificateholders*) and will notify the Rating Agencies of such change or addition.

### **7.4 No Payment on non-Business Day**

If the date for payment of any amount in respect of a Residual Certificate is not a Presentation Date, Certificateholders shall not be entitled to payment until the next following Presentation Date and shall not be entitled to interest or other payment in respect of such delay. In this Residual Certificates Condition 7.4, the expression "**Presentation Date**" means a day which is (a) a Business Day and (b) a day on which banks are generally open for business in the relevant place.

## 8. TAXATION

- 8.1 All payments of Residual Payment Amounts by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, all present and future taxes, levies, imports, duties, fees, deductions, withholding or charges of any nature whatsoever and wheresoever imposed, including income tax, corporation tax, value added tax or other tax in respect of added value and any franchise, transfer, sales, gross receipts, use, business, occupation, excise, personal property, real property or other tax imposed by any national, local or supranational taxing or fiscal authority or agency together with any penalties, fines or interest thereon ("**Taxes**"), unless the withholding or deduction of the Taxes is required by applicable law. In that event, the Issuer or, as the case may be, the Paying Agent shall make such payment after the withholding or deduction has been made and shall account to the relevant authorities for the amount required to be withheld or deducted. Neither the Issuer nor any Paying Agent nor any other person shall be obliged to make any additional payments to Certificateholders in respect of such withholding or deduction.

## 9. PRESCRIPTION

Claims in respect of Residual Payment Amounts will be prescribed after ten years from the Relevant Date in respect of the relevant payment.

In this Residual Certificates Condition 9, the "**Relevant Date**", in respect of a payment, is the date on which such payment first becomes due or (if the full amount of the monies payable on that date has not been duly received by the Principal Paying Agent or the Note Trustee on or prior to such date) the date on which, the full amount of such monies having been received, notice to that effect is duly given to the relevant Certificateholders in accordance with Residual Certificates Condition 15 (*Notice to Certificateholders*).

## 10. EVENTS OF DEFAULT

### 10.1 Residual Certificates

The Note Trustee at its absolute discretion may, and, provided all of the Notes have been redeemed in full, if so directed in writing by the holders of at least 25 per cent. of the Most Senior Class in number or if so directed by an Extraordinary Resolution of the holders of the Most Senior Class shall (subject to being indemnified and/or prefunded and/or secured to its satisfaction as more particularly described in the Trust Deed), give a notice (an "**Enforcement Notice**") to the Issuer that any RC1 Payments or RC2 Payments pursuant to the Residual Certificates are immediately due and payable in any of the following events (each, an "**Event of Default**") with a copy of such Enforcement Notice being sent simultaneously to the Seller, the Security Trustee, the Swap Provider, the Servicer, the Issuer Account Bank and the Cash Manager:

- (a) if default is made in the payment of any amount due in respect of the Residual Certificates and the default continues for a period of 14 Business Days; or
- (b) if the Issuer fails to perform or observe any of its other obligations under these Residual Certificates Conditions or any Transaction Document to which it is a party and the failure continues for a period of 30 days (following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied (or such longer period as the Note Trustee may permit)), except in any case where the Note Trustee considers the failure to be incapable of remedy, in which case no continuation or notice as is aforementioned will be required; or
- (c) if any order is made by any competent court or any resolution is passed for the winding up or dissolution of the Issuer, save for the purposes of reorganisation on terms approved in writing by the Note Trustee or by Extraordinary Resolution of the Certificateholders; or



- (d) if (i) the Issuer ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms approved in writing by the Note Trustee or by Extraordinary Resolution of the Certificateholders, or (ii) the Issuer stops or threatens to stop payment of, or is unable to, or admits inability to, pay its debts (or any class of its debts) as they fall due or the value of its assets falls to less than the amount of its liabilities (taking into account its contingent and prospective liabilities) or (iii) the Issuer is deemed unable to pay its debts pursuant to or for the purposes of any applicable law or is adjudicated or found bankrupt or insolvent; or
- (e) if proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or, as the case may be, in relation to the whole or any part of the undertaking or assets of the Issuer, and in any such case (other than the appointment of an administrator or an administrative receiver appointed following presentation of a petition for an administration order) unless initiated by the Issuer, is not discharged or within 30 days; or
- (f) if the Issuer (or its directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or takes steps with a view to obtaining a moratorium in respect of any of its indebtedness or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors).

## 10.2 General

Upon the service of an Enforcement Notice by the Note Trustee in accordance with Residual Certificates Condition 10.1 (*Residual Certificates*), any RC1 Payments or RC2 Payments pursuant to the Residual Certificates shall thereby immediately become due and payable.

## 11. ENFORCEMENT

### 11.1 General

Each of the Note Trustee and the Security Trustee may, at any time, at its discretion and without notice, take such proceedings, actions or steps against the Issuer or any other party to any of the Transaction Documents as it may think fit to enforce the provisions of (in the case of the Note Trustee) the Residual Certificates or the Trust Deed (including these Residual Certificates Conditions) or (in the case of the Security Trustee) the Deed of Charge or (in either case) any of the other Transaction Documents to which it is a party and, at any time after the service of an Enforcement Notice, the Security Trustee may, at its discretion and without notice, take such steps as it may think fit to enforce the Security, but neither of them shall be bound to take any such proceedings, action or steps unless, following redemption of the Notes in full:

- (a) the Security Trustee or Note Trustee shall have been so directed by an Extraordinary Resolution of the holders of the Most Senior Class or directed in writing by the holders of at least 25 per cent. of the Most Senior Class of Residual Certificates in number; and
- (b) in all cases, it shall have been indemnified and/or prefunded and/or secured to its satisfaction.

No Certificateholder may proceed directly against the Issuer unless the Security Trustee or Note Trustee, having become bound to do so, fails to do so within a reasonable period of time and such failure is continuing.

## 11.2 **Limitations on Enforcement**

No Certificateholder shall be entitled to proceed directly against the Issuer or any other party to any of the Transaction Documents to enforce the performance of any of the Residual Certificates Conditions or any of the provisions of the Transaction Documents and/or to take any other proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer unless the Note Trustee or, as the case may be, the Security Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing, provided that no Certificateholder shall be entitled to take any steps or proceedings to procure the winding up, administration or liquidation of the Issuer.

## 11.3 **Limited Recourse**

Notwithstanding any other Residual Certificates Condition or any provision of any Transaction Document, all obligations of the Issuer to the Certificateholders are limited in recourse to the property, assets and undertakings of the Issuer the subject of any security created under and pursuant to the Deed of Charge (the "**Charged Assets**"). If:

- (a) there are no Charged Assets remaining which are capable of being realised or otherwise converted into cash;
- (b) all amounts available from the Charged Assets have been applied to meet or provide for the relevant obligations specified in, and in accordance with, the provisions of the Deed of Charge; and
- (c) there are insufficient amounts available from the Charged Assets to pay, in accordance with the provisions of the Deed of Charge, any further amounts under the Residual Certificates (including payments of Residual Payment Amounts),

then the Certificateholders shall have no further claim against the Issuer in respect of any further amounts due or to be paid in respect of the Residual Certificates (including, for the avoidance of doubt, payments of Residual Payment Amounts in respect of the Residual Certificates) and the Issuer shall be deemed to be discharged from making any further payments in respect of the Residual Certificates and any further payment rights shall be extinguished.

## 12. **MEETINGS OF CERTIFICATEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION**

12.1 The Trust Deed contains provisions for convening meetings of the Noteholders and/or Certificateholders of each Class and, in certain cases, more than one Class to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of these Residual Certificates Conditions, the Conditions or the provisions of any of the Transaction Documents.

12.2 For the purposes of these Residual Certificates Conditions, "**Most Senior Class**" means the Class A Notes or, if there are no Class A Notes then outstanding, the Class B Notes or, if there are no Class A Notes or Class B Notes then outstanding, the Class C Notes or, if there are no Class A Notes, Class B Notes or Class C Notes then outstanding, the Class D Notes or, if there are no Class A Notes, Class B Notes, Class C Notes or Class D Notes then outstanding, the Class E Notes or if there are no Collateralised Notes then outstanding, the Class X Notes or, if there are no Notes then

outstanding, prior to (but excluding) the Optional Redemption Date, the RC1 Residual Certificates, and thereafter, the RC2 Residual Certificates.

### 12.3 **Most Senior Class and Limitations on other Noteholders and Certificateholders**

- (a) Other than in relation to a Basic Terms Modification, which additionally require an Extraordinary Resolution of the holders of the relevant affected Class or Classes of Notes and/or Residual Certificates then in issue, as applicable:
  - (i) subject to Residual Certificates Conditions 12.3(a)(ii) and (iii), an Extraordinary Resolution passed at any meeting of the holders of the Most Senior Class shall be binding on all other Classes of Noteholders and Certificateholders irrespective of the effect it has upon them;
  - (ii) subject to Residual Certificates Condition 12.3(a)(iii), an Extraordinary Resolution passed at any meeting of a relevant Class of Noteholders shall be binding on (i) all other Classes of Noteholders ranking junior to such Class of Noteholders in the Post-Enforcement Priority of Payments in each case and (ii) the Certificateholders, irrespective of the effect it has upon them; and
  - (iii) no Extraordinary Resolution of any Class of Noteholders or Certificateholders shall take effect for any purpose while any of the Most Senior Class remain outstanding or (in the case of the Residual Certificates) remain in issue unless it shall have been sanctioned by an Extraordinary Resolution of the holders of the Most Senior Class and in the case of the Residual Certificates all Notes ranking in priority thereto or the Note Trustee and/or Security Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of the Most Senior Class,

provided that, in respect of any Extraordinary Resolution of a Class or Classes of Notes and/or Residual Certificates relating to any changes to any of the Transaction Documents which would have the effect of altering the amount, timing or priority of any payments due from the Issuer to the Swap Provider, (i) the written consent of the Swap Provider or (ii) written notification from the Issuer to the Note Trustee and the Security Trustee that Swap Provider consent is not needed, is also required prior to such amendments being made.

- (b) Other than in relation to Basic Terms Modifications and subject as provided in Residual Certificates Conditions 12.3(a) and 12.4 (*Quorum*), a resolution which, in the opinion of the Note Trustee, affects the interests of the holders of:
  - (i) Notes and/or Residual Certificates of only one Class, shall be deemed to have been duly passed if passed at a separate meeting (or by a separate resolution passed by way of consents received through the relevant Clearing System(s)) of the holders of that Class of Notes and/or Residual Certificates so affected;
  - (ii) Notes and/or Residual Certificates of more than one Class but does not give rise to a conflict of interest between the holders of such Notes and/or Residual Certificates of more than one Class, shall be deemed to have been duly passed if passed at a single meeting (or by a single resolution in writing or by a single resolution passed by way of consents received through the relevant Clearing System(s)) of the holders of the Notes and/or Residual Certificates of such Class;
  - (iii) one or more Classes of Notes and/or Residual Certificates and gives, or may give rise to an actual or potential conflict of interest between the holders of such Notes and/or Residual Certificates, shall be deemed to have been duly passed only if passed at separate meetings (or by separate resolutions passed by way of consents received through the relevant Clearing

System(s)) of the holders of each such Class of Notes and/or Residual Certificates so affected;

- (iv) one or more Classes of Notes and/or Residual Certificates but does not give rise to, an actual or potential conflict of interest between the holders of such Notes and/or Residual Certificates, shall be deemed to have been duly passed if passed at a single meeting (or by a single resolution in writing or by a single resolution passed by way of consents received through the relevant Clearing System(s)) of the holders of each such Class of Notes and/or Residual Certificates so affected; and
  - (v) two or more Classes of Notes and/or Residual Certificates and gives, or may give, rise to an actual or potential conflict of interest between the holders of such Classes of Notes and/or Residual Certificates, shall be deemed to have been duly passed only if passed at separate meetings (or by separate resolutions passed by way of consents received through the relevant Clearing System(s)) of the holders of each such Class of Notes or Residual Certificates so affected.
- (c) No Extraordinary Resolution of the holders of a Class or Classes of Notes and/or Residual Certificates which would have the effect of sanctioning a Basic Terms Modification in respect of any Class of Notes or Residual Certificates shall take effect unless it has been sanctioned by an Extraordinary Resolution of the holders of each affected Class of Notes then outstanding and/or the holders of the each affected Class of Residual Certificates then in issue which are affected by such Basic Terms Modification.
- (d) No Ordinary Resolution that is passed by the holders of any Class of Residual Certificates shall take effect for any purpose while any of the Most Senior Class remain outstanding or (in the case of the Residual Certificates) remain in issue unless it shall have been sanctioned by an Ordinary Resolution of the holders of all Notes ranking in priority thereto, or the Note Trustee and/or Security Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of the Most Senior Class.

#### 12.4 **Quorum**

- (a) Subject as provided below, the quorum at any meeting of any Class of Residual Certificates for passing an Ordinary Resolution will be one or more persons holding or representing not less than 25 per cent. of each Class or Classes of Residual Certificates then in issue.
- (b) Subject as provided below, the quorum at any meeting of any Class of any Residual Certificates for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 50 per cent. of such Class of Residual Certificates then in issue.
- (c) Subject to the more detailed provisions set out in the Trust Deed, the quorum at any meeting of any holders of any Residual Certificates passing an Extraordinary Resolution to:
  - (i) sanction a modification of the date of maturity of the Notes;
  - (ii) sanction a modification of the date of payment of principal or interest in respect of the Notes, or where applicable, of the method of calculating the date of payment of principal or interest in respect of the Notes or of the method of calculating the date of payment in respect of any Class of Residual Certificates, except in accordance with Conditions 13.6(g) or (h) (*Additional Right of Modification*) and Residual Certificates Conditions 12.6(g) or (h) (*Additional Right of Modification*) in relation to any Base Rate Modification or Swap Rate Modification;

- (iii) sanction a modification of the amount of principal or the rate of interest payable in respect of the Notes, or where applicable, of the method of calculating the amount payable of any principal or interest in respect of the Notes or of the method of calculating the amounts payable in respect of any Class of Residual Certificates (including, if any such modification is proposed for any Class of Notes), except in accordance with Conditions 13.6(g) or (h) (*Additional Right of Modification*) and Residual Certificates Conditions 12.6(g) or (h) (*Additional Right of Modification*) in relation to any Base Rate Modification or Swap Rate Modification;
- (iv) alter the currency in which payments under any Class of Notes or any Class of Residual Certificates are to be made;
- (v) alter the quorum or majority required in relation to this exception;
- (vi) sanction any scheme or proposal for the sale, conversion or cancellation of any Class of Notes or any Class of Residual Certificates; or
- (vii) any change to the definition of Basic Terms Modification,

(each a "**Basic Terms Modification**"), shall be one or more persons holding or representing in aggregate not less than (i) three-quarters of the aggregate Principal Amount Outstanding of such Class of Notes then outstanding or (ii) three-quarters of such Class of Residual Certificates then in issue. Any Extraordinary Resolution in respect of a Basic Terms Modification shall only be effective if duly passed at separate meetings (or by separate resolutions in writing or by separate resolutions passed by way of consents received through the relevant Clearing System(s)) of each relevant affected Class of Noteholders and by a meeting of each relevant affected Class of Residual Certificates.

- (d) Subject as provided below, the quorum at any adjourned meeting of Certificateholders for passing an Ordinary Resolution will be one or more persons holding or representing not less than 10 per cent. of the Residual Certificates of such Class then in issue.
- (e) Subject as provided below, the quorum at any adjourned meeting of Certificateholders for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 25 per cent. of the Residual Certificates of such Class then in issue.
- (f) Subject to the more detailed provisions set out in the Trust Deed, the quorum at any adjourned meeting of any holders of any Class of Residual Certificates passing an Extraordinary Resolution to sanction a Basic Terms Modification, shall be one or more persons holding or representing in aggregate not less than (i) 50 per cent. of the aggregate Principal Amount Outstanding of such Class of Notes then outstanding or (ii) 50 per cent. of such Class of Residual Certificates then in issue. Any Extraordinary Resolution in respect of a Basic Terms Modification shall only be effective if duly passed at separate meetings (or by separate resolutions in writing or by separate resolutions passed by way of consents received through the relevant Clearing System(s)) of each relevant affected Class of Noteholders and by a meeting of each relevant affected Class of Residual Certificates.

## 12.5 **Modification to the Transaction Documents**

- (a) The Note Trustee or, as the case may be, the Security Trustee may (or in the case of paragraph (iii) below, shall) at any time and from time to time, with the written consent of the Secured Creditors which are a party to the relevant Transaction Document (such consent to be conclusively demonstrated by such Secured Creditor entering into any deed or document purporting to modify such Transaction Document) but without the consent or sanction of the Noteholders, the

Certificateholders or any other Secured Creditors agree with the Issuer and any other parties in making or sanctioning any modification:

- (i) other than in respect of a Basic Terms Modification, to the Conditions, the Residual Certificates Conditions, the Trust Deed or any other Transaction Document, which in the opinion of the Note Trustee (acting in accordance with the Trust Deed) or, as the case may be, the Security Trustee (acting on the directions of the Note Trustee) will not be materially prejudicial to the interests of the Noteholders (or if there are no Notes outstanding, the interests of the Certificateholders) or the interests of the Note Trustee or the Security Trustee and, for the avoidance of doubt, any modification of the Non DD Collection Account Declaration of Trust which does not affect the manner in which the Issuer's Issuer Beneficiary Trust Share (as defined in the Non DD Collection Account Declaration of Trust) is calculated will not be materially prejudicial to the interests of the Noteholders (or if there are no Notes outstanding, the interests of the Certificateholders) or the interests of the Note Trustee or the Security Trustee;
- (ii) to the Conditions, the Residual Certificates Conditions, the Trust Deed or any other Transaction Document if in the opinion of the Note Trustee (acting in accordance with the Trust Deed) or, as the case may be, the Security Trustee (or if there are no Notes then outstanding and no Residual Certificates then in issue, all the Secured Creditors) such modification is of a formal, minor or technical nature or to correct a manifest error; or
- (iii) to the Transaction Documents, the Conditions and/or the Residual Certificates Conditions that are requested in writing by the Issuer (acting in its own discretion or at the direction of any transaction party) in order to enable the Issuer to comply with any requirements which apply to it under European Regulation 648/2012 of 4 July 2012, known as the European Market Infrastructure Regulation ("**EMIR**"), irrespective of whether such modifications are (i) materially prejudicial to the interests of the holders of any Class of Notes or Residual Certificates or any other Secured Creditor or (ii) in respect of a Basic Terms Modification (any such modification, an "**EMIR Amendment**") and subject to receipt by the Note Trustee of a certificate of (i) the Issuer signed by two directors or (ii) the Servicer on behalf of the Issuer, certifying to the Note Trustee and the Security Trustee that the amendments requested by the Issuer are to be made solely for the purpose of enabling the Issuer to satisfy its requirements under EMIR. Neither the Note Trustee nor the Security Trustee shall be obliged to agree to any modification pursuant to this sub-clause which (in the sole opinion of the Note Trustee and/or the Security Trustee) would have the effect of:
  - (A) exposing the Note Trustee (and/or the Security Trustee) to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction; or
  - (B) increasing the obligations or duties, or decreasing the protections of the Note Trustee (and/or the Security Trustee) in the Transaction Documents and/or the Residual Certificates Conditions,

provided that in respect of any modifications to any of the Transaction Documents which (a) would have the effect that immediately thereafter, the Swap Provider would be required to pay more to or receive less from a third party transferee if it were to transfer the Swap Transaction to such third party transferee (subject to and in accordance with Part 5(e) of the Swap Agreement) than would otherwise be the case if such amendment were not made; (b) would have the effect of altering the amount, timing or priority of any payments due from the Issuer to the Swap Provider; or (c) would have the effect of altering any requirement to obtain the Swap Provider's prior consent (written or otherwise) in respect of any matter, (i) the prior written consent of the Swap Provider or (ii) written notification from the Issuer or the Servicer on behalf of the Issuer to the Note Trustee and the

Security Trustee that the aforementioned Swap Provider consent is not needed as the modifications do not have any of the effects described in (a), (b) or (c) above, is required.

- (b) Notwithstanding anything to the contrary in the Trust Deed or the other Transaction Documents, when implementing any EMIR Amendment pursuant to this Residual Certificates Condition 12.5, the Note Trustee and/or Security Trustee shall not consider the interests of the Certificateholders, any other Secured Creditor or any other person, but shall act and rely solely and without further investigation on any certificate provided to it by the Issuer pursuant to this Residual Certificates Condition 12.5 and shall not be liable to any Certificateholder or other Secured Creditor for so acting or relying.

## 12.6 Additional Right of Modification

Notwithstanding the provisions of Residual Certificates Condition 12.5 (*Modification to the Transaction Documents*), the Note Trustee or, as the case may be, the Security Trustee, shall be obliged, without any consent or sanction of the Noteholders, the Certificateholders, or any other Secured Creditor, subject to written consent of the Secured Creditors which a party to the relevant Transaction Documents (such consent to be conclusively demonstrated by such Secured Creditor entering into any deed or document purporting to modify such Transaction Document), to concur with the Issuer in making any modification (other than in respect of a Basic Terms Modification) to these Residual Certificates Conditions, the Conditions, the Trust Deed or any other Transaction Document to which it is a party or in relation to which it holds security or to enter into any new, supplemental or additional documents that the Issuer (in each case) considers necessary:

- (a) for the purpose of complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time, provided that:
  - (i) the Issuer certifies in writing to the Note Trustee and the Security Trustee that such modification is necessary to comply with such criteria or, as the case may be, is solely to implement and reflect such criteria; and
  - (ii) in the case of any modification to a Transaction Document proposed by any of the Seller, the Servicer, the Swap Provider, the Cash Manager the Agent Bank, the Principal Paying Agent and the Issuer Account Bank (for the purpose of this Residual Certificates Condition 12.6 only, each a "**Relevant Party**", in order (x) to remain eligible to perform its role in such capacity in conformity with such criteria and/or (y) to avoid taking action which it would otherwise be required to take to enable it to continue performing such role (including, without limitation, posting collateral or advancing funds):
    - (A) the Relevant Party certifies in writing to the Issuer, the Note Trustee and the Security Trustee that such modification is necessary for the purposes described in paragraph (ii)(x) and/or (y) above; and
    - (B) either:
      - I. the Issuer, the Relevant Party or the Servicer (on behalf of the Issuer) obtains from each of the Rating Agencies, a Rating Agency Confirmation (or certifies in writing to the Issuer (in the case of the Relevant Party or the Servicer) and the Note Trustee that no Rating Agency Confirmation has been received within 30 days of a written request for such Rating Agency Confirmation) that such modification would not result in a downgrade, withdrawal or

suspension of the then current ratings assigned to any Class of the Notes by such Rating Agency and would not result in any Rating Agency placing any Notes on rating watch negative (or equivalent) and, if relevant, delivers a copy of each such confirmation to the Issuer (in the case of the Relevant Party or the Servicer), the Note Trustee and the Security Trustee; or

- II. the Issuer, the Relevant Party or the Servicer (on behalf of the Issuer) certifies in writing to the Note Trustee and the Security Trustee that the Rating Agencies have been informed of the proposed modification and none of the Rating Agencies has indicated that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the Notes by such Rating Agency or (y) such Rating Agency placing any Notes on rating watch negative (or equivalent); and (C) the Relevant Party pays all costs and expenses (including legal fees) incurred by the Issuer and the Note Trustee and the Security Trustee in connection with such modification;
- (b) for the purpose of complying with any obligation which applies to it (i) under Article 6 of the Securitisation Regulation, including as a result of the adoption of regulatory technical standards in relation to the Securitisation Regulation, (ii) Regulation (EU) (2017/2401) (the "**CRR Amendment Regulation**") or (iii) any other risk retention legislation or regulations or official guidance in relation thereto provided that the Issuer certifies in writing to the Note Trustee and the Security Trustee that such modification is required solely for such purpose and has been drafted solely to such effect;
- (c) for the purpose of complying with any changes in the requirements of the Securitisation Regulation, including relating to the treatment of the Notes as a simple, transparent and standardised securitisation and together with any implementing regulation, technical standards and official guidance related thereto, in each case as amended, varied or substituted from time to time after the Closing Date, including as a result of the adoption of any changes to any secondary legislation or official guidance in relation thereto (including the appointment of a third party to assist with the Issuer's reporting obligations pursuant to the Securitisation Regulation), provided that the Issuer certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (d) for the purpose of enabling the Notes to be (or to remain) listed on Euronext Dublin, provided that the Issuer certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (e) for the purpose of enabling the Issuer or any of the other Transaction Parties to comply with FATCA, provided that the Issuer or the relevant Transaction Party, as applicable, certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (f) for the purpose of complying with, or implementing or reflecting, any changes in the manner in which the Notes are held which will allow Bank of England's sterling monetary framework, that is, in a manner which would allow such Notes to be recognised as eligible collateral for the Bank of England's monetary policy and intra-day credit operations by the Bank of England either upon issue or at any or all times during the life of the Notes,



provided that the Issuer certifies in writing to the Note Trustee and the Security Trustee that such modification is required solely for such purpose and has been drafted solely to such effect;

(the certificate to be provided by the Issuer, the Servicer (on behalf of the Issuer), and/or the Relevant Party, as the case may be, pursuant to Residual Certificates Conditions 12.6(a) to (f) above being a "**Modification Certificate**"); or

- (g) for the purpose of changing the reference rate or the base rate that then applies in respect of the Notes to an alternative base rate (including where such base rate may remain linked to SONIA but may be calculated in a different manner) any such rate, which may include an alternative screen rate, an "**Alternative Base Rate**") and making such other amendments as are necessary or advisable in the commercially reasonable judgment of the Issuer (or the Servicer on its behalf) to facilitate such change (a "**Base Rate Modification**"), provided that the Issuer (or the Servicer on its behalf), certifies to the Note Trustee and the Security Trustee in writing (such certificate, a "**Base Rate Modification Certificate**") that:

- (i) such Base Rate Modification is being undertaken due to:

- (A) an alternative manner of calculating a SONIA based rate being introduced and becoming a standard means of calculating interest for similar transactions;
- (B) a material disruption to SONIA, an adverse change in the methodology of calculating SONIA or SONIA ceasing to exist or be published;
- (C) the insolvency or cessation of business of the SONIA administrator (in circumstances where no successor SONIA administrator has been appointed);
- (D) a public statement by the SONIA administrator that it will cease publishing SONIA permanently or indefinitely (in circumstances where no successor SONIA administrator has been appointed that will continue publication of SONIA);
- (E) a public statement by the supervisor of the SONIA administrator that SONIA has been or will be permanently or indefinitely discontinued or will be changed in an adverse manner;
- (F) public statement by the supervisor of the SONIA administrator that means SONIA may no longer be used or that its use is subject to restrictions or adverse consequences; or
- (G) the reasonable expectation of the Issuer (or the Servicer on its behalf) that any of the events specified in sub-paragraphs (A) to (F) above will occur or exist within six months of the proposed effective date of such Base Rate Modification; and

- (ii) such Alternative Base Rate is:

- (A) a base rate published, endorsed, approved or recognised by the Federal Reserve or the Bank of England, any regulator in the United States, the United Kingdom or the European Union or any stock exchange on which

the Notes are listed (or any relevant committee or other body established, sponsored or approved by any of the foregoing);

- (B) a base rate utilised in a material number of publicly-listed new issues of Sterling-denominated asset backed floating rate notes prior to the effective date of such Base Rate Modification;
- (C) a base rate utilised in a publicly-listed new issue of Sterling-denominated asset backed floating rate notes where the originator of the relevant assets is CML, Broadlands or an affiliate thereof; or
- (D) such other base rate as the Servicer (on behalf of the Issuer) reasonably determines,

and in each case, the change to the Alternative Base Rate will not, in its opinion, be materially prejudicial to the interest of the Noteholders.

For the avoidance of doubt, the Issuer (or the Servicer on its behalf) may propose an Alternative Base Rate on more than one occasion provided that the conditions set out in this Residual Certificates Condition 12.6(g) are satisfied;

- (h) for the purpose of changing the base rate that then applies in respect of the Swap Agreement to an alternative base rate as is necessary or advisable in the commercially reasonable judgment of the Issuer (or the Servicer on its behalf) and the Swap Provider solely as a consequence of a Base Rate Modification and solely for the purpose of aligning the base rate of the Swap Agreement to the base rate of the Notes following such Base Rate Modification (a "**Swap Rate Modification**"), provided that the Servicer, on behalf of the Issuer, certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and it has been drafted solely to such effect (such certificate being a "**Swap Rate Modification Certificate**");

provided that, in the case of any modification made pursuant to Conditions 12.6(a) to (h) above:

- (i) at least 30 calendar days' prior written notice of any such proposed modification has been given to the Note Trustee and the Security Trustee;
- (ii) the Modification Certificate, Base Rate Modification Certificate or Swap Rate Modification Certificate, as applicable, in relation to such modification shall be provided to the Note Trustee and the Security Trustee both at the time the Note Trustee and the Security Trustee is notified of the proposed modification and on the date that such modification takes effect; and
- (iii) the consent of each Secured Creditor which is party to the relevant Transaction Document has been obtained,
- (iv) other than in the case of a modification pursuant to Residual Certificates Condition 12.6(a)(ii), either:
  - (A) the Issuer or the Servicer (on behalf of the Issuer) obtains from each of the Rating Agencies a Rating Agency Confirmation (or certifies in the Modification Certificate that no such Rating Agency Confirmation has been received within 30 days of a written request for such Rating Agency Confirmation) that such modification would not result in (x) a downgrade,

withdrawal or suspension of the then current ratings assigned to any Class of the Notes by such Rating Agency or (y) such Rating Agency placing any Notes on rating watch negative (or equivalent); or

- (B) the Issuer or the Servicer (on behalf of the Issuer) certifies in the Modification Certificate, Base Rate Modification Certificate or Swap Rate Modification Certificate, as applicable, that it has informed the Rating Agencies of the proposed modification and none of the Rating Agencies has indicated that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the Notes by such Rating Agency or (y) such Rating Agency placing any Notes on rating watch negative (or equivalent);
- (v) the Issuer certifies in writing to the Note Trustee and the Security Trustee (which certification may be in the Modification Certificate, Base Rate Modification Certificate or Swap Rate Modification Certificate, as applicable) that (I) the Issuer has provided at least 30 calendar days' notice to the Certificateholders of the proposed modification in accordance with Residual Certificates Condition 15 (*Notice to Certificateholders*) and by publication on Bloomberg on the "Company Filings" screen relating to the Residual Certificates, and (II) Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have not contacted the Issuer in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within such notification period notifying the Issuer that such Noteholders do not consent to the modification;
- (vi) when implementing any modification pursuant to this Residual Certificates Condition 12.6 (save to the extent the Note Trustee considers that the proposed modification would constitute a Basic Terms Modification), neither the Note Trustee nor the Security Trustee shall consider the interests of the Noteholders, any other Secured Creditor or any other person but shall act and rely solely and without further investigation on any certificate or evidence provided to it by the Issuer or the relevant Transaction Party, as the case may be, pursuant to this Residual Certificates Condition 12.6 and shall not be liable to the Noteholders, any other Secured Creditor for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person; and
- (vii) neither the Note Trustee nor the Security Trustee shall be obliged to agree to any modification which, in the sole opinion of the Note Trustee and/or the Security Trustee would have the effect of (i) exposing the Note Trustee and/or the Security Trustee to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protection, of the Note Trustee and/or the Security Trustee in the Transaction Documents and/or these Residual Certificates Conditions.

If Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have notified the Issuer in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within the notification period referred to above that they do not consent to the modification, then such modification will not be made unless an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes then outstanding is passed in favour of such modification in accordance with Condition 13 (*Meetings of Noteholders, Modification, Waiver and Substitution*).

Objections made in writing other than through the applicable clearing system must be accompanied by evidence to the Issuer's satisfaction (having regard to prevailing market practices) of the relevant Noteholder's holding of the Notes.

Any such modification shall be binding on all Noteholders and shall be notified by the Issuer as soon as reasonably practicable to:

- (a) so long as any of the Notes rated by the Rating Agencies remains outstanding, each Rating Agency;
- (b) the Secured Creditors; and
- (c) the Noteholders in accordance with Residual Certificates Condition 15 (*Notice to Certificateholders*).

## **12.7 Authorisation or Waiver of Breach**

The Note Trustee and/or the Security Trustee, as applicable, may, without the consent or sanction of the Noteholders, the Certificateholders or the other Secured Creditors and without prejudice to its rights in respect of any further or other breach, from time to time and at any time, authorise or waive any proposed or actual breach of any of the covenants or provisions contained in or arising pursuant to the Conditions, the Residual Certificates Conditions or any of the Transaction Documents by any party thereto, but only if and in so far as it receives written confirmation from the Note Trustee that in its sole opinion the interests of the Most Senior Class or if there are no Notes then outstanding and no Residual Certificates then in issue, all the Secured Creditors will not be materially prejudiced thereby. The Note Trustee shall not exercise any powers conferred on it by this Residual Certificates Condition 12.7 in contravention of any express direction given by Extraordinary Resolution of the holders of the Most Senior Class or by a direction under Residual Certificates Condition 10 (*Events of Default*) but so that no such direction or request shall affect any waiver, authorisation or determination previously given or made.

## **12.8 Notification of modifications, waivers, authorisations or determinations**

Any such modification, waiver, authorisation or determination by the Note Trustee and/or the Security Trustee, as applicable, in accordance with the Conditions, these Residual Certificates Conditions or the Transaction Documents shall be binding on the Certificateholders and, unless the Note Trustee or, as the case may be, the Security Trustee agrees otherwise, any such modification shall be notified by the Issuer to the Certificateholders in accordance with Residual Certificates Condition 15 (*Notice to Certificateholders*), the Rating Agencies (while any Notes remain outstanding) and the Secured Creditors as soon as practicable thereafter.

12.9 In connection with any such substitution of principal debtor referred to in Condition 8.4 (*Mandatory Redemption of the Notes for Taxation or Other Reasons*), the Note Trustee and the Security Trustee may also agree, without the consent of the Certificateholders or the other Secured Creditors, to a change of the laws governing the Residual Certificates, these Residual Certificates Conditions and/or any of the Transaction Documents, provided that such change would not, in the opinion of the Note Trustee or, as the case may be, the Security Trustee be materially prejudicial to the interests of the Certificateholders or the other Secured Creditors.

12.10 Where, in connection with the exercise or performance by each of them of any right, power, trust, authority, duty or discretion under or in relation to these Residual Certificates Conditions or any of the Transaction Documents (including in relation to any modification, waiver, authorisation, determination, substitution or change of laws as referred to above), the Note Trustee or the Security Trustee is required to have regard to the interests of the Certificateholders of any Class or Classes, it

shall (A) have regard to the general interests of the Certificateholders of such Class or Classes but shall not have regard to any interests arising from circumstances particular to individual Certificateholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise or performance for individual Certificateholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof, and the Note Trustee or, as the case may be, the Security Trustee shall not be entitled to require, nor shall any Certificateholders be entitled to claim from the Issuer, the Note Trustee or the Security Trustee or any other person, any indemnification or payment in respect of any tax consequences of any such exercise upon individual Certificateholders and (B) subject to the more detailed provisions of the Trust Deed and the Deed of Charge, as applicable, have regard to the interests of holders of each Class of Notes (except where expressly provided otherwise) but requiring the Note Trustee and the Security Trustee where there is a conflict of interests between one or more Classes of Residual Certificates in any such case to have regard (except as expressly provided otherwise) prior to (but excluding) the Optional Redemption Date, to the holders of the RC1 Residual Certificates and thereafter, to the holders of the RC2 Residual Certificates.

12.11 Other than in respect of any matter requiring an Extraordinary Resolution, Certificateholders are required to vote by way of an Ordinary Resolution.

12.12 "**Ordinary Resolution**" means, in respect of the holders of any of the Classes of Residual Certificates:

- (a) a resolution passed at a meeting of Certificateholders duly convened and held in accordance with the Trust Deed and the Residual Certificates Conditions by a clear majority of the Eligible Persons voting thereat on a show of hands or, if a poll is duly demanded, by a clear majority of the votes cast on such poll;
- (b) a resolution in writing signed by or on behalf of the Certificateholders of not less than a clear majority in number of the holders of the relevant Class of Residual Certificates then in issue, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Certificateholders of the relevant Class; or
- (c) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Note Trustee) by or on behalf of the Certificateholders of not less than a clear majority in number of the relevant Class of Residual Certificates then in issue.

12.13 "**Extraordinary Resolution**" means, in respect of the holders of any of the Classes of Residual Certificates:

- (a) a resolution passed at a meeting of Certificateholders duly convened and held in accordance with the Trust Deed and the Residual Certificates Conditions by a majority consisting of not less than three-quarters of the Eligible Persons voting at such meeting upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than three-quarters of the votes cast on such poll;
- (b) a resolution in writing signed by or on behalf of the Certificateholders of not less than three-quarters in number of the holders of the relevant Class of Residual Certificates, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Certificateholders of the relevant Class; or
- (c) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Note Trustee) by or on behalf of the Certificateholders of not less

than three-quarters in number of the holders of the relevant Class of Residual Certificates then in issue.

12.14 **"Eligible Person"** means any one of the following persons who shall be entitled to attend and vote at a meeting:

- (a) a bearer of any Voting Certificate; and
- (b) a proxy specified in any Block Voting Instruction.

12.15 **"Voting Certificate"** means an English language certificate issued by a Paying Agent in which it is stated:

- (a) that on the date thereof the Notes and/or Residual Certificates (not being the Notes and/or Residual Certificates (as applicable) in respect of which a Block Voting Instruction has been issued and is outstanding in respect of the meeting specified in such Voting Certificate) are blocked in an account with a clearing system and that no such Notes and/or Residual Certificates will cease to be so blocked until the first to occur of:
  - (i) the conclusion of the meeting specified in such Voting Certificate; and
  - (ii) the surrender of the Voting Certificate to the Paying Agent who issued the same; and
- (b) that the bearer thereof is entitled to attend and vote at such meeting in respect of the Notes and/or Residual Certificates represented by such Voting Certificate.

12.16 **"Block Voting Instruction"** means an English language document issued by a Paying Agent in which:

- (a) it is certified that on the date thereof Notes and/or Residual Certificates (not being Notes and/or Residual Certificates (as applicable) in respect of which a Voting Certificate has been issued and is outstanding in respect of the meeting specified in such Block Voting Instruction) are blocked in an account with a clearing system and that no such Notes and/or such Residual Certificates will cease to be so blocked until the first to occur of:
  - (i) the conclusion of the meeting specified in such Block Voting Instruction; and
  - (ii) the Notes and/or the Residual Certificates ceasing with the agreement of the Paying Agent to be so blocked and the giving of notice by the Paying Agent to the Issuer of the necessary amendment to the Block Voting Instruction;
- (b) it is certified that each holder of such Notes and/or such Residual Certificates has instructed such Paying Agent that the vote(s) attributable to the Notes and/or the Residual Certificates so blocked should be cast in a particular way in relation to the resolution(s) to be put to such meeting and that all such instructions are, during the period commencing 48 hours prior to the time for which such meeting is convened and ending at the conclusion or adjournment thereof, neither revocable nor capable of amendment;
- (c) the aggregate principal amount or aggregate total amount of the Notes and/or the number of Residual Certificates so blocked is listed distinguishing with regard to each such resolution between those in respect of which instructions have been given that the votes attributable thereto should be cast in favour of the resolution and those in respect of which instructions

have been so given that the votes attributable thereto should be cast against the resolution; and

- (d) one or more persons named in such Block Voting Instruction (each hereinafter called a "**proxy**") is or are authorised and instructed by such Paying Agent to cast the votes attributable to the Notes and/or the Residual Certificates so listed in accordance with the instructions referred to in paragraph (c) above as set out in such Block Voting Instruction, provided that no such person shall be named as a proxy:
  - (i) whose appointment has been revoked and in relation to whom the relevant Paying Agent has been notified in writing of such revocation by the time which is 48 hours before the time fixed for such meeting; and
  - (ii) who was originally appointed to vote at a meeting which has been adjourned for want of a quorum and who has not been re-appointed to vote at the meeting when it is resumed.

12.17 Details of any Extraordinary Resolution and any Ordinary Resolution passed in accordance with the provisions of the Trust Deed shall be notified to each of the Rating Agencies by the Principal Paying Agent on behalf of the Issuer.

#### 12.18 **Issuer Substitution Condition**

The Note Trustee and Security Trustee may agree, subject to such amendment of these Residual Certificates Conditions and of any of the Transaction Documents, and to such other conditions as the Note Trustee and Security Trustee may require and subject to the terms of the Trust Deed, but without the consent of the Certificateholders, to the substitution of another body corporate in place of the Issuer as principal debtor under the Trust Deed, the Notes and the Residual Certificates and in respect of the other Secured Obligations, provided that the conditions set out in the Trust Deed are satisfied including, *inter alia*, that the Residual Certificates are unconditionally and irrevocably guaranteed by the Issuer (unless all of the assets of the Issuer are transferred to such body corporate) and that such body corporate is a single purpose vehicle and undertakes itself to be bound by provisions corresponding to those set out in Residual Certificates Condition 5 (*Issuer Covenants*) (the "**Issuer Substitution Condition**"). In the case of a substitution pursuant to this Residual Certificates Condition 12.18, the Note Trustee and Security Trustee may in their absolute discretion agree, without the consent of the Certificateholders, to a change in law governing the Residual Certificates and/or any of the Transaction Documents unless such change would, in the opinion of the Note Trustee and Security Trustee, be materially prejudicial to the interests of the Certificateholders.

### 13. **INDEMNIFICATION AND EXONERATION OF THE NOTE TRUSTEE AND THE SECURITY TRUSTEE**

The Trust Deed and the Deed of Charge contain provisions governing the responsibility (and relief from responsibility) of the Note Trustee and the Security Trustee respectively and providing for their indemnification in certain circumstances, including provisions relieving them from taking action or, in the case of the Security Trustee, enforcing the Security, unless indemnified and/or prefunded and/or secured to their satisfaction.

The Trust Deed and the Deed of Charge also contain provisions pursuant to which the Note Trustee and the Security Trustee are entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any other party to any of the Transaction Documents and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any other party to any of the Transaction Documents, (b) to exercise and enforce its rights, comply with its obligations and

perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, individual Certificateholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

#### **14. REPLACEMENT OF RESIDUAL CERTIFICATES**

If any Residual Certificate is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of the Registrar subject to all applicable laws. Replacement of any mutilated, defaced, lost, stolen or destroyed Residual Certificate will only be made on payment of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. A mutilated or defaced Residual Certificate must be surrendered before a new one will be issued.

If the Issuer Substitution Condition is satisfied, the Issuer may, without the consent of the Certificateholders, issue replacement residual certificates to replace the Residual Certificates, which shall have terms and conditions which may differ from the terms and conditions of the Residual Certificates which it replaces.

#### **15. NOTICE TO CERTIFICATEHOLDERS**

##### **15.1 Publication of Notice**

While the Residual Certificates are represented by a Global Residual Certificate, notices to Certificateholders will be valid if submitted to Euroclear and/or Clearstream, Luxembourg for communication by them to Certificateholders. Any notice delivered to Euroclear and/or Clearstream, Luxembourg, as aforesaid, shall be deemed to have been given on the day of such delivery.

While the Residual Certificates are represented by Definitive Residual Certificates, the Note Trustee shall be at liberty to sanction any method of giving notice to the Certificateholders if, in its opinion, such method is reasonable having regard to market practice then prevailing and provided that notice of such other method is given to the Certificateholders in such manner as the Note Trustee shall deem appropriate.

##### **15.2 Note Trustee's Discretion to Select Alternative Method**

The Note Trustee shall be at liberty to sanction some other method of giving notice to the Certificateholders or category of them if, in its sole opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the quotation systems on or by which the Residual Certificates are then quoted and/or traded and provided that notice of such other method is given to the Certificateholders in such manner as the Note Trustee shall require.

#### **16. REPLACEMENT RESIDUAL CERTIFICATES**

If the Issuer Substitution Condition is satisfied, the Issuer may, without the consent of the Certificateholders, issue replacement residual certificates to replace the Residual Certificates, which shall have terms and conditions which may differ from the terms and conditions of the Residual Certificates which it replaces.

#### **17. JURISDICTION AND GOVERNING LAW**

- (a) The Courts of England (the "**Courts**") are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes, the Residual Certificates and the Transaction



Documents (including a dispute relating to non-contractual obligations or a dispute regarding the existence, validity or termination of any of the Notes, the Residual Certificates or the Transaction Documents or the consequences of their nullity) and accordingly any legal action or proceedings arising out of or in connection with the Notes and/or the Residual Certificates and/or the Transaction Documents may be brought in such Courts.

- (b) The Transaction Documents, the Notes, the Residual Certificates and these Residual Certificates Conditions (and any non-contractual obligations arising out of or in connection with them) are governed by, and shall be construed in accordance with, English law except that, to the extent that the provisions of the Mortgage Sale Agreement, the Deed of Charge and any security documents supplemental thereto relate to Scottish Loans, such provisions and documents shall be construed and/or (as applicable) governed by Scots law.

## **18. RIGHTS OF THIRD PARTIES**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Residual Certificates or these Residual Certificates Conditions, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## TAXATION

### *United Kingdom Taxation*

*The following applies only to persons who are the beneficial owners of the Notes and is a summary of the Issuer's understanding of current United Kingdom law and published HM Revenue & Customs ("HMRC") practice relating only to the United Kingdom withholding tax treatment of payments of interest (as that term is understood for United Kingdom tax purposes) in respect of the Notes. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of the Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future (possibly with retrospective effect). Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice. The Residual Certificates are not considered below.*

### **Interest on the Notes**

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes carry a right to interest and are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007. Euronext Dublin is a recognised stock exchange for such purposes. The Notes will satisfy this requirement if they are officially listed in Ireland in accordance with provisions corresponding to those generally applicable in Member States of the European Economic Area and are admitted to trading on the Regulated Market of Euronext Dublin (and for these purposes, reference to the European Economic Area includes the United Kingdom). Provided, therefore, that the Notes carry a right to interest and are and remain so listed on a "recognised stock exchange", interest on the Notes will be payable without withholding or deduction for or on account of United Kingdom income tax.

In other cases, an amount must generally be withheld from payments of interest on the Notes that has a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20 per cent.), subject to any available exemptions or reliefs. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the Issuer to pay interest to that Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

### **Foreign Account Tax Compliance Act**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes or Residual Certificates, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes or Residual Certificates, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes and Residual Certificates, such withholding would not apply prior to 1 January 2019 and Notes or Residual Certificates characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding

unless materially modified after such date. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes or Residual Certificates. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes or Residual Certificates, no person will be required to pay additional amounts as a result of the withholding.

### ***EU financial transaction tax***

On 14 February 2013, the European Commission issued proposals, including a draft Directive (the "**Commission's Proposal**"), for a financial transaction tax ("**FTT**") to be adopted in certain participating member states of the European Union ("**Member States**") (including Belgium, Germany, Estonia (although Estonia has since stated that it will not participate), Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia). If the Commission's Proposal was adopted, the FTT would be a tax primarily on "financial institutions" (which would include the Issuer) in relation to "financial transactions" (which would include the conclusion or modification of derivative contracts and the purchase and sale of financial instruments).

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the financial transaction is issued in a participating Member State.

The FTT may give rise to tax liabilities for the Issuer with respect to certain transactions if the conditions for a charge to arise are satisfied and the FTT is adopted based on the Commission's Proposal. Any such tax liabilities may reduce amounts available to the Issuer to meet its obligations under the Notes and may result in investors receiving less interest and/or principal than expected. To the extent that such liabilities may arise at a time when winding up proceedings have been commenced in respect of the Issuer, such liabilities may be regarded as an expense of the liquidation and, as such, be payable out of the floating charge assets of the Issuer (and its general estate) in priority to the claims of Noteholders and other secured creditors. It should also be noted that the FTT could be payable in relation to relevant transactions by investors in respect of the Notes (including secondary market transactions) if the conditions for a charge to arise are satisfied and the FTT is adopted based on the Commission's Proposal. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

## SUBSCRIPTION AND SALE

Lloyds Bank Corporate Markets plc ("**Lloyds**" and the "**Arranger**") and BofA Securities (which is the trading name of Merrill Lynch International, "**BofA**"), and together with Lloyds, each a "**Joint Lead Manager**" and together the "**Joint Lead Managers**" in respect of the Notes ) have, pursuant to a subscription agreement dated on or around 24 February 2020 between the Seller, CCFS, the Arranger, the Joint Lead Managers and the Issuer (the "**Subscription Agreement**"), agreed with the Issuer (subject to certain conditions) to subscribe and pay for:

- (a) £301,722,000 of the Class A Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class A Notes;
- (b) £9,893,000 of the Class B Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class B Notes;
- (c) £8,244,000 of the Class C Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class C Notes;
- (d) £8,244,000 of the Class D Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class D Notes;
- (e) £1,649,000 of the Class E Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class E Notes; and
- (f) £6,595,000 of the Class X Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class X Notes,

as at the Closing Date.

The Issuer has agreed to indemnify the Seller, Broadlands, the Arranger and the Joint Lead Managers against certain Liabilities in connection with the issue of the Notes and the Residual Certificates.

Pursuant to the Subscription Agreement, CCFS will undertake to the Joint Lead Managers and the Arranger that it will (i) retain on an ongoing basis, the Retained Exposures as required by Article 6(1) of the Securitisation Regulation (which does not take into account any corresponding national measures), (ii) comply with the disclosure obligations under Article 7(1)(e)(iii) of the Securitisation Regulation by confirming the risk retention of CCFS as contemplated by Articles 6(1) and 6.3(c) of the Securitisation Regulation and (iii) not sell, hedge or otherwise mitigate (and shall procure that none of its affiliates shall sell, hedge or otherwise mitigate) the credit risk under or associated with the Retained Exposures except to the extent permitted under the Securitisation Regulation.

As at the Closing Date, such retention requirement will be satisfied by CCFS retaining randomly selected exposures equivalent to no less than 5 per cent. of the nominal value of the securitised exposures, where such exposures would otherwise have been securitised in the transaction effected by the Issuer in accordance with Article 6(3)(c) of the Securitisation Regulation. Any change to the manner in which such interest is held will be notified to the Noteholders.

Except with the express written consent of the Seller in the form of a U.S. Risk Retention Consent and where such sale falls within the exemption provided by Section 20 of the U.S. Risk Retention Rules, the Notes or the Residual Certificates offered and sold by the Issuer may not be purchased by any person except for persons that are not Risk Retention U.S. Persons.

***This Prospectus does not constitute, and may not be used for the purpose of, an offer or a solicitation by anyone to subscribe for or purchase any of the Notes in or from any country or jurisdiction where such an offer or solicitation is not authorised or is unlawful.***

### ***United States***

The Notes have not been and will not be registered under the Securities Act or the state securities laws or "blue sky" laws of any state or any other relevant jurisdiction of the United States and therefore may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from registration requirements. Accordingly, the Notes are being offered and sold in offshore transactions in reliance on Regulation S.

Each of the Joint Lead Managers have agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (a) as part of its distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the closing date (the "**Distribution Compliance Period**") within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each affiliate or other dealer (if any) to which it sells Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act. See "*Transfer Restrictions and Investor Representations*" below.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

### ***United Kingdom***

Each of the Joint Lead Managers has represented to and agreed with the Issuer that:

- (a) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Each of the Joint Lead Managers has acknowledged that, save for having obtained the approval of the Prospectus as a prospectus in accordance with the Prospectus Regulation, having applied for the admission of the Notes to the Official List of Euronext Dublin and admission of the Notes to trading on its Regulated Market, no further action has been or will be taken in any jurisdiction by the Joint Lead Managers that would, or is intended to, permit a public offering of the Notes, or possession or distribution of the Prospectus or any other offering material in relation to the Notes, in any country or jurisdiction where such further action for that purpose is required.

### ***Prohibition of sale to EEA and UK retail investors***

Each of the Joint Lead Managers have represented and agreed that they have not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
  - (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) a person who is not a qualified investor as defined in the Prospectus Regulation; and
- (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

### ***Ireland***

Each of the Joint Lead Managers has represented and agreed that:

- (a) it will not underwrite the issue of, or place the Notes, otherwise than in conformity with the provisions of the European Union (Markets in Financial Instruments) Regulations 2017 of Ireland, as amended, (the "**MIFID Regulations**") including, without limitation, Regulation 5 (Requirement for authorisation (and certain provisions concerning MTFs and OTFs)) thereof and in connection with the MIFID Regulations, any applicable codes of conduct or rules and any conditions or requirements, or any other enactment, imposed or approved by the Central Bank of Ireland, Regulation (EU) No 600/2014, as amended, and any delegated or implementing acts adopted thereunder and the provisions of the Investor Compensation Act 1998 of Ireland, as amended;
- (b) it will not underwrite the issue of, or place, the Notes otherwise than in conformity with the provisions of the Companies Act 2014 of Ireland, the Central Bank Acts 1942 to 2018 (as amended) and any codes of practice made under Section 117(1) of the Central Bank Act 1989 of Ireland, as amended;
- (c) it will not underwrite the issue of, or place, or do anything in Ireland in respect of the Notes otherwise than in conformity with the provisions of the European Union (Prospectus) Regulations 2019 and any rules issued by the Central Bank of Ireland under Section 1363 of the Companies Act; and
- (d) it will not underwrite the issue of, place or otherwise act in Ireland in respect of the Notes, otherwise than in conformity with the provisions of the Market Abuse Regulation (EU/596/2014), as amended, the Market Abuse Directive on criminal sanctions for market abuse (Directive 2014/57/EU), the European Union (Market Abuse) Regulations 2016 of Ireland, as amended, (S.I. No 349 of 2016) and any Irish market abuse law as defined in those Regulations and the Companies Act 2014 of Ireland, as amended, and any rules made or guidance issued by the Central Bank of Ireland in connection with the foregoing, including any rules or guidelines issued by the Central Bank of Ireland under Section 1370 of the Companies Act 2014 of Ireland, as amended.

### **General**

Other than admission of the Notes to the Official List of Euronext Dublin and the admission of the Notes to trading on its Regulated Market, no action has been taken by the Issuer, the Arranger, the Joint Lead Managers that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each of the Issuer, the Arranger and the Joint Lead Managers has undertaken that it will not, directly or indirectly, offer or sell any Notes or have in its possession, distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in respect of the Notes in any country or jurisdiction except under

circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

## **TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS**

### **Offers and Sales**

The Notes (including interests therein represented by a Global Note, a Registered Definitive Note or a Book-Entry Interest) have not been and will not be registered under the Securities Act or any state securities laws, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to such registration requirements. Accordingly, the Notes are being offered and sold in offshore transactions pursuant to Regulation S.

### ***Investor Representations***

Each purchaser of the Notes or the Residual Certificates (which term for the purposes of this section will be deemed to include any interest in the Notes or Residual Certificates, including Book-Entry Interests) during the initial syndication will be deemed to have represented and agreed as follows: it (1) either (i) is not a Risk Retention U.S. Person or (ii) has obtained a U.S. Risk Retention Consent, (2) is acquiring such Note, Residual Certificate or a beneficial interest therein for its own account and not with a view to distribute such Notes or Residual Certificates and (3) is not acquiring such Note, Residual Certificate or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules (including acquiring such Note through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10 per cent. Risk Retention U.S. Person limitation in the exemption provided for in Section 20 of the U.S. Risk Retention Rules);

### ***Investor Representations and Restrictions on Resale***

Each purchaser of the Notes (which term for the purposes of this section will be deemed to include any interests in the Notes, including Book-Entry Interests) will be deemed to have represented and agreed as follows:

- (a) the Notes have not been and will not be registered under the Securities Act and such Notes are being offered only in a transaction that does not require registration under the Securities Act and, if such purchaser decides to resell or otherwise transfer such Notes, then it agrees that it will offer, resell, pledge or transfer such Notes only (i) to a purchaser who is not a U.S. person (as defined in Regulation S) or an affiliate of the Issuer or a person acting on behalf of such an affiliate, and who is not acquiring the Notes for the account or benefit of a U.S. person and who is acquiring the Notes in an offshore transaction pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S, or (ii) pursuant to an effective registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any state or other jurisdiction of the United States, provided, that the agreement of such purchaser is subject to any requirement of law that the disposition of the purchaser's property shall at all times be and remain within its control;
- (b) unless the relevant legend set out below has been removed from the Notes, such purchaser shall notify each transferee of Notes (as applicable) from it that (i) such Notes have not been registered under the Securities Act, (ii) the holder of such Notes is subject to the restrictions on the resale or other transfer thereof described in paragraph (a) above, (iii) such transferee shall be deemed to have represented that such transferee is acquiring the Notes in an offshore transaction and that such transfer is made pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S and (iv) such transferee shall be deemed to have agreed to notify its subsequent transferees as to the foregoing; and
- (c) the Issuer, the Registrar, the Arranger, the Joint Lead Managers and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.



The Notes bear a legend to the following effect:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, AS A MATTER OF U.S. LAW, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) (1) AS PART OF THEIR DISTRIBUTION AT ANY TIME OR (2) OTHERWISE PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE NOTES AND THE CLOSING OF THE OFFERING OF THE NOTES, EXCEPT PURSUANT TO AN EXEMPTION FROM THE REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES.

EACH PURCHASER OR HOLDER OF THIS NOTE SHALL BE DEEMED TO HAVE REPRESENTED BY SUCH PURCHASE AND/OR HOLDING THAT (I) IT IS NOT AND IS NOT USING THE ASSETS OF A BENEFIT PLAN INVESTOR, AND SHALL NOT AT ANY TIME HOLD THIS NOTE FOR OR ON BEHALF OF A BENEFIT PLAN INVESTOR AND (II) IT IS NOT AND IS NOT USING THE ASSETS OF A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO FEDERAL, STATE, LOCAL OR NON-U.S. LAWS WHICH ARE SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED, ("**ERISA**") OR SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"). THE TERM "**BENEFIT PLAN INVESTOR**" SHALL MEAN (1) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA), WHICH IS SUBJECT TO TITLE I OF ERISA, (II) A PLAN DESCRIBED IN AND SUBJECT TO SECTION 4975 OF THE CODE, OR (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY UNDER U.S. DEPARTMENT OF LABOR REGULATIONS § 2510.3-101 (29 C.F.R. § 2510-101) AS MODIFIED BY SECTION 3(42) OF ERISA.

*Because of the foregoing restrictions, purchasers of Notes are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such securities offered and sold.*

## GENERAL INFORMATION

1. It is expected that the admission of the Notes to the Official List of Euronext Dublin and the admission of the Notes to trading on Euronext Dublin's Regulated Market will be granted on or around 26 February 2020.
2. The Issuer's LEI number is 6354005IDWW8PQJAHB37.
3. None of the Issuer or Holdings is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or Holdings respectively is aware) since 4 November 2019 (being the date of incorporation of each of the Issuer and Holdings) which may have, or have had in the recent past, significant effects upon the financial position or profitability of the Issuer or Holdings (as the case may be).
4. No statutory or non-statutory accounts within the meaning of sections 434 and 435 of the Companies Act 2006 (as amended) in respect of any financial year of the Issuer have been prepared. The accounting reference date of the Issuer is 31 December and the first statutory accounts of the Issuer will be drawn up to 31 December 2020. So long as the Notes are admitted to trading on Euronext Dublin's Regulated Market, the most recently published audited annual accounts of the Issuer from time to time shall be available at the specified office of the Principal Paying Agent in London. The Issuer does not publish interim accounts.
5. For so long as the Notes are admitted to the Official List of Euronext Dublin and to trading on Euronext Dublin's Regulated Market, the Issuer shall maintain a Paying Agent in the United Kingdom.
6. Since the date of its incorporation, the Issuer has not entered into any contracts or arrangements not being in the ordinary course of business.
7. Since 4 November 2019 (being the date of incorporation of each of the Issuer and Holdings), there has been (a) no material adverse change in the financial position or prospects of the Issuer or Holdings and (b) no significant change in the financial or trading position of the Issuer or Holdings.
8. The issue of the Notes and the Residual Certificates was authorised pursuant to a resolution of the board of directors of the Issuer passed on 14 February 2020.
9. The Notes and the Residual Certificates have been accepted for clearance through Euroclear and Clearstream, Luxembourg under the following ISINs and Common Codes:

<b>Class of Notes/Residual Certificates</b>	<b>ISIN</b>	<b>Common Code</b>
Class A Notes	XS2096745216	209674521
Class B Notes	XS2096745307	209674530
Class C Notes	XS2096745729	209674572
Class D Notes	XS2096745992	209674599
Class E Notes	XS2096749127	209674912
Class X Notes	XS2096749390	209674939
RC1 Residual Certificates	XS2097438688	209743868
RC2 Residual Certificates	XS2097439066	209743906

10. The Notes and the Residual Certificates have the following CFIs and FISN codes:

<b>Class of Notes/Residual Certificates</b>	<b>CFI</b>	<b>FISN</b>
Class A Notes	DAVNFR	CMF 2020-1 PLC/VARASST BKD 20570116
Class B Notes	DAVXFR	CMF 2020-1 PLC/VARASST BKD 20570116
Class C Notes	DAVXFR	CMF 2020-1 PLC/VARASST BKD 20570116
Class D Notes	DAVXFR	CMF 2020-1 PLC/VARASST BKD 20570116
Class E Notes	DAVXFR	CMF 2020-1 PLC/VARASST BKD 20570116
Class X Notes	DAVXFR	CMF 2020-1 PLC/VARASST BKD 20570116
RC1 Residual Certificates	DAXNFR	CMF 2020-1 PLC/ASST BKD 20570116
RC2 Residual Certificates	DAXNFR	CMF 2020-1 PLC/ASST BKD 20570116

11. For the life of the Prospectus and for so long as the Notes are listed on Euronext Dublin and admitted to trading on its Regulated Market, physical copies of the following documents may be inspected at the registered office of the Issuer (and, with the exception of paragraph (a) below, at the specified office of the Paying Agents) during usual business hours, on any weekday (public holidays excepted) and electronic copies of the following documents may be inspected at <https://editor.eurodw.eu/home>:

- (a) the memorandum and articles of association of each of the Issuer and Holdings;
- (b) physical copies of the following documents:
  - (i) the Agency Agreement;
  - (ii) the Deed of Charge (together with any supplemental documents thereto, including for the avoidance of doubt, the Scottish Supplemental Charge);
  - (iii) the Deed Poll;
  - (iv) the Cash Management Agreement;
  - (v) the Master Definitions and Construction Schedule;
  - (vi) the Mortgage Sale Agreement;
  - (vii) the Cross-collateral Mortgage Rights Deed;
  - (viii) the Cross-collateral Mortgage Rights Deed Accession Deed;
  - (ix) the Corporate Services Agreement;
  - (x) the Bank Account Agreement;
  - (xi) the Collection Account Agreement;
  - (xii) the Collection Accounts Declaration of Trust;
  - (xiii) the Non-DD Collection Account Declaration of Trust;
  - (xiv) the Non-DD Collection Account Accession Undertaking;
  - (xv) the Scottish Declaration of Trust (redacted to remove scheduled data);

- (xvi) the Servicing Agreement;
- (xvii) the Share Trust Deed;
- (xviii) the Trust Deed; and
- (xix) the Swap Agreement,

11.2 A Cash Flow Model (setting out the transaction cashflows) will be available on Moody's Analytics website at <https://boeportal.co.uk/GlobalPortal/Account/login.aspx>.

11.3 From the Closing Date and for so long as the Notes remain outstanding (including the period while this Prospectus is valid and the Notes are listed on Euronext Dublin and admitted to trading on its Regulated Market), the Cash Manager on behalf of the Issuer will prepare and make available to the Servicer a monthly Investor Report in respect of the relevant Collection Period detailing, inter alia, certain aggregated loan data in relation to the Portfolio and which shall (a) as required by and in accordance with Articles 7(1)(e) and 43(8) of the Securitisation Regulation, from the Closing Date and prior to the relevant technical standards being prepared under the Securitisation Regulation coming into effect, contain at least the information set out in Annex VIII of the Delegated Regulation (EU) No 2015/3; and (b) following the relevant technical standards being prepared under the Securitisation Regulation coming into effect, be in such format as agreed between the Issuer, the Servicer and the Cash Manager. The defined terms used in the Investor Reports shall, by reference, incorporate the defined terms set out generally in the Prospectus and more specifically in the Master Definitions and Construction Schedule. Such Investor Reports will be published on the European DataWarehouse website at <https://editor.eurowd.eu/home> by the Servicer and at pivot.usbank.com by the Cash Manager.

11.4 The Cash Manager, acting as agent of the Issuer, will also:

- (a) as required by and in accordance with Articles 7(1)(e) and 43(8) of the Securitisation Regulation, from the Closing Date and prior to the relevant technical standards being prepared under the Securitisation Regulation coming into effect, prepare and make available to the Servicer the report described in paragraph 11.2(a) above;
- (b) as required by and in accordance with Article 7(1)(e) of the Securitisation Regulation, following the relevant technical standards being prepared under the Securitisation Regulation coming into effect, with the assistance of the Servicer, prepare a monthly investor report in respect of the most recent Collection Period and make available such report to the Servicer (the "**SR Investor Report**"); and
- (c) on receipt from the Issuer (or the Servicer on its behalf) or the Seller of the applicable information in the form agreed between the Issuer, the Seller and the Cash Manager, the Cash Manager will prepare Annex XIV Inside Information or Significant Event Information required to be reported pursuant to Article 7(1)(f) or 7(1)(g) (as applicable) of the Securitisation Regulation and make available such information to the Servicer (the "**SR Inside Information and Significant Event Report**") as soon as practicable. Such information will also be made available by CCFS, on request, to potential holders of the Notes.

The Cash Manager will also publish any SR Investor Report and any SR Inside Information and Significant Event Report on the website at pivot.usbank.com.

Without prejudice to its obligations under the Cash Management Agreement, the Cash Manager has no liability or responsibility for any breaches under the Securitisation Regulation, the responsibility for which lies solely with the Issuer, the Originator and the Seller.

12. For so long as the Notes are outstanding, the Servicer on behalf of CCFS and the Issuer will:
  - (a) publish the Investor Report and, following the relevant technical standards being prepared under the Securitisation Regulation coming into effect, the SR Investor Report on the European DataWarehouse website at <https://editor.eurodw.eu/home>;
  - (b) prepare and publish on a monthly basis certain loan-by-loan information in relation to the Portfolio in respect of the relevant Collection Period as required by and in accordance with Article 7(1)(a) of the Securitisation Regulation (the "**Loan Level Information**"), simultaneously (to the extent required under Article 7(1) of the Securitisation Regulation) with the Investor Report or SR Investor Report, as applicable on the European DataWarehouse website at <https://editor.eurodw.eu/home>;
  - (c) publish without delay the SR Inside Information and Significant Event Report on the European DataWarehouse website at <https://editor.eurodw.eu/home>; and
  - (d) within 15 days of the issuance of the Notes, make available via the website of European DataWarehouse at <https://editor.eurodw.eu/home> copies of the Transaction Documents and this Prospectus.
13. The Servicer will make such information available to the holders of any of the Notes, relevant competent authorities and to potential investors in the Notes.
14. Each Investor Report, SR Investor Report, SR Inside Information and Significant Event Report and Loan Level Information will be published by the Servicer by means of a securitisation repository or (where no securitisation repository is registered in accordance with Article 10 of the Securitisation Regulation) by means of the website of European DataWarehouse at <https://editor.eurodw.eu/home>, being a website which conforms to the requirements set out in Article 7(2) of the Securitisation Regulation, or any other website which may be notified by the Issuer from time to time provided that such replacement or additional website conforms to the requirements set out in Article 7(2) of the Securitisation Regulation.
15. CCFS has procured that on or about the date of this Prospectus an STS Notification shall be submitted to ESMA, in accordance with Article 27 of the Securitisation Regulation, and to the FCA, confirming that the STS Requirements have been satisfied with respect to the Notes. It is expected that the STS Notification will be available on the website of European DataWarehouse at <https://editor.eurodw.eu/home>. For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus. A draft version of the STS notification was made available prior to pricing to potential investors in the Notes by way of the website of European DataWarehouse at <https://editor.eurodw.eu/home>.
16. The Issuer confirms that the Loans backing the issue of the Notes have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Notes. Investors are advised that this confirmation is based on the information available to the Issuer at the date of this Prospectus and may be affected by the future performance of such assets backing the issue of the Notes. Investors are advised to review carefully any disclosure in the Prospectus together with any amendments or supplements thereto.
17. Any website referred to in this document does not form part of the Prospectus has not been scrutinised or approved by the Central Bank of Ireland.

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**ISSUER**

CMF 2020-1 PLC  
Level 37, 25 Canada Square,  
Canary Wharf, London E14 5LQ

**SERVICER**

Charter Mortgages Limited  
2 Charter Court, Broadlands  
Wolverhampton WV10 6TD

**SELLER**

Broadlands Finance Limited  
2 Charter Court, Broadlands  
Wolverhampton WV10 6TD

**LEGAL TITLE HOLDER AND ORIGINAL SELLER**

Charter Court Financial Services Limited  
2 Charter Court, Broadlands  
Wolverhampton WV10 6TD

**CASH MANAGER**

U.S. Bank Global Corporate Trust Limited  
125 Old Broad Street, Fifth Floor  
London EC2N 1AR

**PRINCIPAL PAYING AGENT AND AGENT BANK**

**Elavon Financial Services DAC, UK Branch**  
125 Old Broad Street, Fifth Floor  
London EC2N 1AR

**ISSUER ACCOUNT BANK**

**Elavon Financial Services DAC, UK Branch**  
125 Old Broad Street, Fifth Floor  
London EC2N 1AR

**ARRANGER**

**Lloyds Bank Corporate Markets plc**  
25 Gresham Street  
London EC2V 7HN

**JOINT LEAD MANAGERS**

**Lloyds Bank Corporate Markets plc**

25 Gresham Street  
London EC2V 7HN

**Merrill Lynch International**

2 King Edward Street  
London EC1A 1HQ

**NOTE TRUSTEE AND SECURITY TRUSTEE**

**U.S. Bank Trustees Limited**  
125 Old Broad Street, Fifth Floor  
London EC2N 1AR

**REGISTRAR**

**Elavon Financial Services DAC**  
Block E, Cherrywood Business Park  
Loughlinstown  
Dublin, Ireland

**LEGAL ADVISERS TO THE ORIGINAL SELLER, THE SELLER THE ISSUER AND THE  
SERVICER**

(as to English law)

**Allen & Overy LLP**  
One Bishops Square  
London E1 6AD

(as to Scots law)

**Shepherd and Wedderburn LLP**  
1 Exchange Crescent, Conference Square  
Edinburgh EH3 8UL

**LEGAL ADVISERS TO THE ARRANGER AND THE JOINT LEAD MANAGERS**

**Clifford Chance LLP**

10 Upper Bank Street  
Canary Wharf  
London E14 5JJ

**LEGAL ADVISERS TO THE NOTE TRUSTEE AND THE SECURITY TRUSTEE**

**Dentons UK and Middle East LLP**

One Fleet Place  
London  
EC4M 7WS

**LISTING AGENT**

**Arthur Cox Listing Services Limited**  
10 Earlsfort Terrace  
Dublin 2, Ireland