

AMENDED AND RESTATED SERVICING AGREEMENT

____ June 2021

PRECISE MORTGAGE FUNDING 2018-2B PLC
as Issuer

and

CHARTER MORTGAGES LIMITED
as Servicer and Seller

and

CHARTER COURT FINANCIAL SERVICES LIMITED
as Legal Title Holder

and

U.S. BANK TRUSTEES LIMITED
as Security Trustee

and

INTERTRUST MANAGEMENT LIMITED
as Back-Up Servicer Facilitator

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THIS AMENDED AND RESTATED SERVICING AGREEMENT (this Agreement) is made on ____ June 2021

BETWEEN:

- (1) **PRECISE MORTGAGE FUNDING 2018-2B PLC** (registered number 11196223), whose registered office is at 1 Bartholomew Lane, London EC2N 2AX (in its capacity as the **Issuer**);
- (2) **CHARTER MORTGAGES LIMITED** (registered number 6749495), a private limited company incorporated under the laws of England and Wales, whose registered office is at 2 Charter Court, Broadlands, Wolverhampton, West Midlands WV10 6TD (in its capacities as the **Servicer** and the **Seller**);
- (3) **CHARTER COURT FINANCIAL SERVICES LIMITED** (registered number 6749498), a private limited company incorporated under the laws of England and Wales, whose registered office is at 2 Charter Court, Broadlands, Wolverhampton, West Midlands WV10 6TD (in its capacity as **Legal Title Holder**);
- (4) **U.S. BANK TRUSTEES LIMITED** (registered number 2379632), a company incorporated under the laws of England and Wales whose registered office is at 125 Old Broad Street, Fifth Floor, London EC2N 1AR (the **Security Trustee**); and
- (5) **INTERTRUST MANAGEMENT LIMITED** (registered number 03853947), a private limited company incorporated under the laws of England and Wales, whose principal office is at 1 Bartholomew Lane, London EC2N 2AX (the **Back-Up Servicer Facilitator**).

WHEREAS:

- (A) The Issuer has agreed to purchase the Portfolio on the Closing Date from the Seller pursuant to the Mortgage Sale Agreement.
- (B) The Servicer carries on the business of, *inter alia*, executing payment transfers from borrowers to lenders of the sums due under loans, debt collection and providing related incidental administrative services to lenders.
- (C) The Issuer and the Legal Title Holder wish to appoint the Servicer to service the Loans and their Related Security acquired by the Issuer pursuant to the Mortgage Sale Agreement and the Servicer wishes to accept the terms of such appointment and to service the Loans and their Related Security, subject to and upon the terms of this Agreement.
- (D) The parties to this Amended and Restated Servicing Agreement have agreed to amend and restate the terms of the Servicing Agreement dated 20 March 2018, between the parties hereto as set out herein (the **Original Servicing Agreement**) as a result of the Base Rate Modification notified to Noteholders on 27 May 2021 in relation to the transition of the base rate under the Notes from LIBOR to SONIA.

IT IS HEREBY AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

- 1.1 The amended and restated master definitions and construction schedule made between, amongst others, the parties hereto originally dated 20 March 2018, as amended and restated ____ June 2021, and as may be further amended, varied or supplemented from time to time with the consent of the parties thereto (the **Master Definitions and Construction Schedule**) is

expressly and specifically incorporated into this Agreement and, accordingly, the expressions defined in the Master Definitions and Construction Schedule shall, except where the context otherwise requires and save where otherwise defined herein, have the same meanings in this Agreement, including the Recitals hereto and this Agreement shall be construed in accordance with the interpretation provisions set out in Clause 2 (Interpretation and Construction) of the Master Definitions and Construction Schedule.

- 1.2 The parties to this Agreement agree that the Original Servicing Agreement is amended and restated and replaced in full by this Agreement as of the date hereof. For the avoidance of doubt, any reference to the Original Servicing Agreement in any Transaction Document shall be deemed a reference to this Agreement.

2. APPOINTMENT OF THE SERVICER

2.1 Appointment of the Servicer

- (a) Subject to Clause 2.3 (Limited Authority), with effect from the Closing Date until termination pursuant to Clause 21 (Termination), the Issuer and the Legal Title Holder hereby appoint the Servicer in accordance with this Agreement to be the Issuer's and, as applicable, the Legal Title Holder's agent to provide the Services in accordance with the terms of this Agreement, to service the Loans and their Related Security, to exercise the Issuer's and the Legal Title Holder's rights, powers and discretions under and 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.
- (b) The Legal Title Holder hereby also appoints the Servicer to operate the Collection Accounts in accordance with the terms of this Agreement.
- (c) The Servicer hereby accepts the appointments by the Issuer and, as applicable, the Legal Title Holder under paragraphs (a) and (b) above subject to the terms and conditions of this Agreement.
- (d) The Security Trustee consents to the appointment of the Servicer on the terms of and subject to the conditions of this Agreement.
- (e) In its dealings with the underlying Borrowers, the Servicer will, whilst the legal title to the Loans and their Related Security is held by the Legal Title Holder, act under the trading name of "Precise Mortgages" and act on the Issuer's and/or the Legal Title Holder's behalf (as applicable) subject to the terms set out herein.
- (f) For the avoidance of doubt and in connection with the rights, powers and discretions conferred under this Clause 2.1, the Servicer shall have the full power, authority and right to do or cause to be done any and all things to be done in relation to the Loans and their Related Security, provided however, that neither the Issuer nor its directors shall be required or obliged at any time to enter into any transaction or to comply with any directions which the Servicer may give with respect to the operating and financial policies of the Issuer.

2.2 Grant of Authority to Servicer

On the date of the Original Servicing Agreement, the Issuer and the Legal Title Holder executed:

- (a) the Servicer Power of Attorney in favour of the Servicer; and

- (b) such other written authorisations, mandates and instruments as are reasonably necessary to enable the Servicer to perform its obligations under this Agreement, including its obligations in relation to the registration and discharge of the Mortgages and the operation by the Servicer of the Collection Accounts,

and on the termination of this Agreement, the Servicer agrees to return to the Issuer and the Legal Title Holder the Servicer Power of Attorney and any written authorisations, mandates and instruments provided to it under this Clause 2.2.

2.3 Limited Authority

- (a) The Servicer shall have no authority by virtue of this Agreement to act for or represent the Issuer or the Legal Title Holder as agent or otherwise save in respect of those functions and duties which it is authorised to perform and discharge by this Agreement and for the period during which this Agreement so authorises it to perform and discharge those functions and duties.
- (b) The Servicer shall have no authority by virtue of this Agreement or the Servicer Power of Attorney to:
 - (i) enter into any indemnity on behalf of the Issuer or the Legal Title Holder unless it has received the prior written authority of the Issuer or the Legal Title Holder respectively; or
 - (ii) incur any liability on behalf of the Issuer or the Legal Title Holder unless such liability is incurred in accordance with this Agreement or with the prior written consent of the Security Trustee.

2.4 Servicer Authority Incidental to Exercise of Rights

In connection with the rights, powers and discretions conferred under the provisions of this Clause 2, during the continuance of its appointment hereunder, the Servicer shall, acting as a Reasonable, Prudent Residential Mortgage Servicer and subject to the terms and conditions of this Agreement, the relevant Mortgage Conditions and the Mortgage Sale Agreement, have the full power, authority and right 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.

2.5 The Servicer not to Determine the Issuer's Policies

During the continuance of the Servicer's appointment under this Agreement, in performing the Services:

- (a) the Servicer shall not act and may not be obliged to act in a manner contradictory to the provisions of the Services Specification; and
- (b) the Issuer, the Legal Title Holder and the Servicer recognise that the obligations and responsibilities of the Servicer shall, unless otherwise specified herein, be of an administrative nature only and that neither the Issuer nor its directors shall be required or obliged at any time to comply with any advice or directions which the Servicer may give with respect to the operating and financial policies of the Issuer and the Servicer hereby acknowledges that all powers to determine such policies (including the determination of whether or not any particular policy is for the benefit of the Issuer) are, and shall at all times remain, vested in the Issuer and its directors and none of the

provisions of this Agreement shall be construed in a manner inconsistent with this provision.

2.6 Direction of the Security Trustee

Notwithstanding the other provisions of this Agreement, the Servicer will act solely upon the direction of the Security Trustee upon the Security Trustee notifying the Servicer that an Enforcement Notice has been served on the Issuer.

2.7 Appointment conditional upon issuance of the Notes

The appointment of the Servicer pursuant to Clause 2.1 (Appointment of the Servicer) is conditional upon the issue of the Notes and Residual Certificates having taken place and shall take effect upon and from the Closing Date automatically without any further action on the part of any person.

3. THE SERVICES

3.1 Duties/Standard of Servicer

The duties of the Servicer shall be the provision of the Services. The primary function of the Servicer shall be to collect monies from the bank accounts of the Borrowers or otherwise and to pay such amounts or to ensure such amounts are transferred to the Collection Accounts held with the Collection Account Bank. Without prejudice to any express provision of this Agreement relating to the Services (and subject always to Clause 3.8) the Servicer will at all times during the term of this Agreement service the Loans and their Related Security and perform the Services and all related functions in all material respects in the same manner as would a Reasonable, Prudent Residential Mortgage Servicer in accordance with the applicable provisions of the FSMA and the FCA rules and shall devote sufficient competent resources to providing the Services.

3.2 Perfection of the Sale of Loans and their Related Security to the Issuer

Subject to Clause 5 (Perfection of the Sale) of the Mortgage Sale Agreement:

- (a) within 20 Business Days of the Servicer being notified that a Perfection Event has occurred, the Servicer shall execute or procure the execution of the transfers referred to in Clause 5 (Perfection of the Sale) of the Mortgage Sale Agreement or, if requested by the Issuer, shall provide sufficient information to enable the Issuer to do so;
- (b) upon the Legal Title Holder being required by the Issuer to complete the transfer of the Loans and their Related Security pursuant to Clause 5 (Perfection of the Sale) of the Mortgage Sale Agreement, the Servicer shall do or procure the doing of all or any of the acts, matters or things (including, for the avoidance of doubt, those acts, matters or things referred to in Clause 5 (Perfection of the Sale) of the Mortgage Sale Agreement) on behalf of the Legal Title Holder or, if requested by the Issuer, shall provide sufficient information to enable the Issuer to do so; and
- (c) the Servicer undertakes not to take any actions that would result in the legal transfer of the Loans and their Related Security to the Issuer except as provided in this Agreement and Clause 5 (Perfection of the Sale) of the Mortgage Sale Agreement.

3.3 No obligation to monitor Loans

The Servicer shall be under no obligation to monitor the compliance of Loans and their Related Security with the Loan Warranties. If, however, the Servicer, through performing the Services under this Agreement, becomes aware of any fact or circumstance which, in its opinion and acting reasonably, may have a material adverse effect on any Loan or Loans (including the breach of any Loan Warranty) and its Related Security, or otherwise becomes aware of the breach of any Loan Warranty in respect of any Loan and its Related Security comprised in the Portfolio, it will inform the Issuer, the Seller of such fact or circumstance as soon as reasonably practicable of becoming so aware (and, in any event, before the later to occur of: (i) 10 Business Days of becoming aware of such event or fact, and (ii) for so long as the Seller is the Servicer, on the date that the immediately following Servicer Report is due).

3.4 Documents

The Servicer shall:

- (a) use all reasonable endeavours to ensure that all documents, correspondence and information in its possession or control or held by a third party to the order of the Servicer pursuant to Clause 3.7(c) relating to the Loans and their Related Security (whether in machine readable or hard copy form) including Title Deeds (if any) and the Loan Files are:
 - (i) other than in relation to any documents, correspondence and information held by a storage agent appointed under Clause 3.7(c), at all times held to the order of the Issuer and the Security Trustee or (following the delivery of an Enforcement Notice) as the Security Trustee shall otherwise direct and the Legal Title Holder hereby consents to the Servicer holding such documents, correspondence and information in the manner contemplated in this paragraph (i);
 - (ii) stored in such manner so that they are readily identifiable and are not likely to be confused with documents relating to other loans which are held or serviced by the Servicer or any third party and in the case of Title Deeds, procure that these are stored in safe, secure and fire-protected conditions;
 - (iii) in respect of documents being held by third parties, held on terms that would be acceptable to a Reasonable, Prudent Residential Mortgage Servicer;
- (b) subject to Clause 20 (Regulation), shall not release any Title Deeds in its possession other than to the Borrower on repayment in full of the relevant Loan, to such Borrower's solicitor on receipt of the relevant solicitor's undertaking in suitable form, or to a storage agent appointed in accordance with Clause 3.7(c), provided that nothing in this paragraph (b) shall prevent the Servicer from releasing any relevant documentation related to the Loans (including Title Deeds) in its possession to appointed solicitors in connection with any litigation proceedings; and
- (c) take and maintain security copies of all computer data relating to the Services. In particular, at least once in each working week, a duplicate of a computer tape or disc held by the Servicer to the Security Trustee's order containing all Borrowers' ledger accounts as at the opening of business on the first Business Day of that week will be backed up at a place away from the ordinary place of business of the Servicer. Such duplicate computer tape or disc shall be stored in such a way as to preserve uncorrupted the information stored thereon and to preserve the retrievability of such information. Each computer tape or disc so prepared will be retained until the computer tape or disc relating to the succeeding week has been deposited under this Clause 3.4.

3.5 Insurance Relating to Documents

The Servicer (at its own cost) shall maintain at all times adequate and suitable professional indemnity insurance reasonable for the type of business carried on by the Servicer.

3.6 Discretion of the Servicer

- (a) The Issuer acknowledges that a residential mortgage loan servicer generally exercises discretion in the servicing process and that in exercising such discretions and in otherwise making decisions with respect to Loans and their Related Security, the Servicer may exercise such discretion as would be exercised by a Reasonable, Prudent Residential Mortgage Servicer in the servicing of loans having similar characteristics to the Loans and generally serviced by it, so long as such discretion is exercised in connection with the provision of the Services in accordance with this Agreement.
- (b) Where a conflict arises between the terms upon which the Services are defined under Clauses 3.4 (Documents) to 4.2 (Collection and Transfer of Moneys) inclusive and the Services Specification, the provisions contained in the Services Specification shall prevail.

3.7 Delegation of Services

- (a) The Servicer may not sub-contract or delegate the performance of all or any of its powers and obligations under this Agreement other than as provided in Clauses 3.7(b), 3.7(c) and 3.7(f).
- (b) The restriction in Clause 3.7(a) shall not apply to the engagement by the Servicer (acting as a Reasonable, Prudent Residential Mortgage Servicer in deciding to enter into such engagement) of any solicitor, arrears counsellor, valuer, surveyor, estate agent, asset manager, receiver, bailiff, property management agent or other professional adviser in respect of services normally provided by such persons (excluding, for the avoidance of doubt, any engagement or services, as the case may be, relating to the servicing of the Loans and their Related Security other than on a loan by loan basis) whom or which a Reasonable, Prudent Residential Mortgage Servicer would be willing to appoint in respect of loans having similar characteristics to the Loans and generally serviced by it.
- (c) The Servicer may appoint a storage agent for Title Deeds and Loan Files, provided that:
 - (i) it shall notify the Issuer of such appointment or change in appointment within two Business Days of the appointment or change in appointment being made; and
 - (ii) such storage agent is a person with whom a Reasonable, Prudent Residential Mortgage Servicer would be willing to appoint as a storage agent in respect of loans having similar characteristics to the Loans and generally serviced by it,and at the Closing Date the Issuer agrees that such storage will be undertaken by Iron Mountain (UK) Limited.
- (d) If the Servicer did not act as a Reasonable, Prudent Residential Mortgage Servicer in the appointment of an entity under Clauses 3.7(b) or 3.7(c) (or does not act as such in the maintenance of the appointment of such entity):

- (i) the Servicer shall remain responsible for the performance of its obligations under this Agreement, insofar as the obligations relate to the services so sub-contracted to the relevant party;
 - (ii) the performance or non-performance or the manner of performance of any such third party of any of the Services shall not affect the Servicer's obligations under this Agreement; and
 - (iii) any breach by a delegate or any such third party of any obligation of the Servicer under this Agreement shall be treated as a breach of this Agreement by the Servicer.
 - (e) If the Servicer did act as a Reasonable, Prudent Residential Mortgage Servicer in the appointment of an entity under Clauses 3.7(b) or 3.7(c) and acts as such in the maintenance of the appointment of such entity:
 - (i) the Servicer shall be released and discharged from any liability hereunder; and
 - (ii) any breach by a delegate or any such third party of any obligation of the Servicer under this Agreement shall not be treated as a breach of this Agreement by the Servicer.
 - (f) The restriction in Clause 3.7(a) shall not apply to the delegation to or appointment of 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 this Agreement. Notwithstanding any delegation of the performance of its obligations under this paragraph (f) only, the Servicer shall not thereby be released or discharged from any liability hereunder and shall remain responsible for the performance of all of the obligations of the Servicer under this 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 this 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 this Agreement by the Servicer.
- 3.8 In determining whether the Servicer acted as a Reasonable, Prudent Residential Mortgage Servicer:
- (a) the Issuer and the Security Trustee agree that the Servicer shall be under no obligation to monitor or supervise the functions of any sub-contractor or delegate appointed under Clauses 3.7(b) or 3.7(c) and shall be entitled, in the absence of actual knowledge of a breach of obligation, to assume that each such person is properly performing and complying with its obligations; and
 - (b) only such matters relating to the relevant sub-contractor or delegate that is within the Servicer's actual knowledge will be taken into account.
- 3.9 Where the Servicer services any Regulated Mortgage Contract within the meaning of MCOB, in performing its obligations under this Agreement and in servicing the Loans and their Related Security it will observe the requirements of MCOB.

- 3.10 If requested by the Issuer, the Servicer shall, within 14 days of them becoming publicly available, deliver to the Issuer two copies of its annual audited balance sheet, profit and loss account and directors' report together with any other documents annexed thereto.
- 3.11 The Servicer may, from time to time and at its own cost and without the consent of any other party to this Agreement, make any modifications to the Services Specification in accordance with the standard of a Reasonable, Prudent Residential Mortgage Servicer.
- 3.12 The Servicer will, from time to time and at its own cost and without the consent of any other party to this Agreement, make such modifications to the Services Specification necessary to comply with any applicable mandatory legislative or regulatory requirements and will notify the Issuer and the Security Trustee promptly on becoming aware of such requirements. The Servicer will make the necessary modifications to the Services Specification as soon as reasonably practicable but in any event in time to comply with any statutory or regulatory timings.
- 3.13 Where the Servicer has made a material change to the Services Specification pursuant to Clauses 3.11 or 3.12, the Servicer will send written notice of any such change to the Issuer, the Legal Title Holder and the Security Trustee promptly after making such change.
- 3.14 In relation to any legislative requirements that affects the Legal Title Holder, the Servicer and the Legal Title Holder shall consult as to the most appropriate action to be taken by the Servicer to ensure that the Legal Title Holder will continue to comply with all legal and regulatory requirements applicable to it.
- 3.15 The Servicer will deliver reports on the Loans and their Related Security to the Issuer at the times and in the manner required by the Services Specification and substantially in the form of Schedule 3. If the FCA requires additional reports or reports in a different format, the Servicer will produce such additional reports or reports in a different format and use its best endeavours to provide such reports within the time period specified by the FCA.
- 3.16 Notwithstanding anything to the contrary in this Agreement, the Servicer (acting on behalf of the Legal Title Holder or the Issuer) shall not take or omit to take any action if such action or omission would result in the Issuer or the Security Trustee arranging or advising in respect of, administering or entering into a Regulated Mortgage Contract or agreeing to carry on any of these activities, if the Issuer or the Security Trustee would be required to be authorised under the FSMA to do so.

4. PAYMENTS, ACCOUNTS, LEDGERS

4.1 Accounts

The Servicer hereby confirms that the Collection Accounts have been established in the name of the Legal Title Holder with the Collection Account Bank and are operative in accordance with the Collection Accounts Mandate. The Servicer undertakes that it will not create or knowingly permit to subsist any Security Interest in moneys held in the Collection Accounts, other than (in respect of the Non-DD Collection Account) the Non-DD Collection Account Trust and (in respect of the DD Collection Account and the Non-DD 2018-2B Collection Account) the Collection Accounts Trust. The Servicer accepts that it is responsible to the Issuer in respect of its operation of the Collection Accounts and warrants that it will reimburse the Issuer for any loss the Issuer suffers as a result of the Servicer or any officer, director or employee of the Servicer operating the Collection Accounts fraudulently or in a grossly negligent manner or in wilful default of the terms of this Agreement. The Servicer undertakes that it will at all times arrange for the safe storage of all unused cheques in its possession which relate to the Collection Accounts.

4.2 **Collection and Transfer of Moneys**

Without prejudice to the Services Specification, and subject to compliance with any applicable laws, regulations and guidance (including MCOB in relation to any Regulated Mortgage Contracts) the Servicer will use its reasonable endeavours to recover all amounts due under or in connection with any Loan on behalf of the Issuer including taking all necessary steps to collect by direct debit where a Borrower permits such collection and complying with all requirements from time to time of the Direct Debiting Scheme.

4.3 **Enforcement of Mortgages**

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 provisions of Clause 4.4 (Sums Received in the Accounts); 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.

4.4 **Sums Received in the Accounts**

- (a) The Servicer shall procure that, so far as it may be able, Revenue Receipts and Redemption Receipts arising in relation to the Loans will be paid directly into the relevant Collection Account including:
 - (i) all interest received under the Loans and any costs or other amounts received under the Loans (including in any such case amounts recovered on enforcement of rights against any Borrower, the Property or his other property or assets);
 - (ii) all scheduled repayments of principal under the Loans;
 - (iii) all amounts received on redemption of Loans;
 - (iv) all unscheduled repayments of principal under the Loans;
 - (v) any amount received by or on behalf of the Issuer pursuant to any applicable Third Party Buildings Policy or other insurance policy referencing all or any of the Loans and/or all or any of the Borrowers; and

- (vi) any other amounts whatsoever received on behalf of the Issuer (or, following the service of an Enforcement Notice, the Security Trustee).
- (b) The Servicer hereby undertakes that in connection with and during the terms of its appointment as Servicer under this Agreement in its capacity as Collections Account Trustee, it shall operate the DD Collection Account and the Non-DD 2018-2B Collection Account in accordance with terms of the Collection Accounts Declaration of Trust and the Collection Account Agreement.
- (c) 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.
- (d) If any amount is deducted from the DD Collection Account and the Non-DD 2018-2B Collection Account in accordance with the Collection Account Agreement which causes a debit balance to arise on the DD Collection Account or the Non-DD 2018-2B Collection Account (the debit balance being an **Overdraft**) and the Overdraft is not reduced to zero by any amount subsequently credited to the DD Collection Account or the Non-DD 2018-2B Collection Account (as applicable) within one Business Day of the Overdraft arising, the Servicer may as soon as it becomes aware of the Overdraft, request from the Cash Manager at close of business on the relevant Business Day, that an amount equal to the outstanding Overdraft be transferred from the Deposit Account to the DD Collection Account or the Non-DD 2018-2B Collection Account (as applicable) to reduce the Overdraft to zero, subject to sufficient funds standing to the credit of the Issuer Account being available at that time for that purpose.

4.5 **Replacement of Collection Account Bank**

- (a) 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 or, following the service of an Enforcement Notice, the Security Trustee and as agreed in writing by the Legal Title Holder, terminate the appointment of the Collection Account Bank in accordance with Clause 9.2 of the Collection Account Agreement assist the Legal Title Holder in opening one or more replacement Collection Account 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) is a bank as defined in Section 991 of the Income Tax Act 2007; and
 - (iv) is of reputable standing,
 as soon as reasonably practicable and in any event within 30 calendar days.
- (b) If the rating of the Collection Account Bank falls below the Collection Account Bank Rating 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:

- (i) open a replacement collection account in the name of the Legal Title Holder with a financial institution:
 - (A) having a rating of at least the Collection Account Bank Rating;
 - (B) approved in writing by the Issuer and the Security Trustee; and
 - (C) which is a bank as defined in Section 991 of the Income Tax Act 2007; or
- (ii) 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
- (iii) 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 their Related Security) and the Issuer in respect of the foregoing.

- (c) 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 are transferred to the replacement collection account promptly after such replacement collection account is opened.

4.6 Withdrawals and Transfers

- (a) The Servicer may instruct the Cash Manager, on any date and with or without prior notice to the Issuer, to withdraw amounts from the Deposit Accounts to pay, in accordance with the terms of the Cash Management Agreement to the person entitled, any Third Party Amounts.
- (b) The Issuer will on each Interest Payment Date reimburse, in accordance with the Pre-Enforcement Revenue Priority of Payments, or as the case may be, on any date in accordance with the Post-Enforcement Priority of Payments, the Servicer for all reasonable out-of-pocket costs, expenses and charges (including any amounts representing Irrecoverable VAT in respect thereof) (including any such costs, expenses or charges not reimbursed to the Servicer on any previous Interest Payment Date) properly incurred and evidenced by the Servicer in the performance of the Services and which would not be recoverable under the terms of the applicable Loans in respect of which such costs, expenses and charges are incurred and the Servicer shall upon written request supply the Issuer with a copy of the VAT invoice issued by the person making the supply to which such costs, expenses and/or charges relate. Such out-of-pocket costs, expenses and charges shall include (but shall not be limited to):
 - (i) any Security Protection Expenses;

- (ii) any expenses incurred in relation to the perfection of the sale of the Loans and their Related Security to the Issuer in accordance with Clause 3.2 (Perfection of the Sale of Loans and their Related Security to the Issuer);
- (iii) any amounts incurred in relation to the storage of Loan Files and Title Deeds under Clause 3.7(c);
- (iv) any amounts incurred in relation to the delivery of Loan Files and Title Deeds under Clause 15.2 (Delivery of documents);
- (v) any amounts incurred in relation to the registration of the transfers of the Mortgages into the name of the Issuer at the Land Registry (including the costs and disbursements of solicitors appointed by the Servicer and any fees of the Land Registry, together with any fees charged by the Servicer for oversight of the process);
- (vi) the cost of any insurance premiums relating to insurances put in place on behalf of the Issuer or the Legal Title Holder in connection with the Portfolio (including where such insurance is in the name of the Legal Title Holder) such as Lender Interest Only Cover, Properties in Possession Cover and Failure to Insure Cover (where this is a global policy in relation to a number of loans serviced by the Servicer, some of which comprise part of the Portfolio and some of which do not, the Issuer shall only reimburse the Servicer for a pro rata proportion of such costs representing the Portfolio);
- (vii) (any amounts incurred in relation to the administration of Lender Interest Only Cover, other Block Insurance Policies and annual checks with Borrowers completed by the Servicer in connection therewith (where this is a global policy in relation to a number of loans serviced by the Servicer, some of which comprise part of the Portfolio and some of which do not, the Issuer shall only reimburse the Servicer for a pro rata proportion of such amounts representing the Portfolio);
- (viii) any amounts incurred in relation to obtaining or refreshing a credit data report in respect of a Borrower, or in connection with usage of information contained in such credit data report; and
- (ix) any amounts incurred in connection with any claim by the Servicer against its solicitors or agents for professional negligence in relation to one or more Loans (and where such claim is in relation to a number of loans serviced by the Servicer, some of which comprise part of the Portfolio and some of which do not, the Issuer shall only reimburse the Servicer for a pro rata proportion of such amounts representing the Portfolio).
- (c) Where any cost, charge or expense (for the purposes of this paragraph (c), a **Cost**) is to be reimbursed by the Issuer pursuant to Clause 4.6(b) and that Cost is for VAT purposes incurred by the Servicer as agent for the Issuer (excluding where the Servicer acts as agent for the Issuer and is treated as receiving and making the supply pursuant to Section 47(3) of VATA, or equivalent VAT legislation), the obligation of the Issuer to reimburse the Servicer for the Cost pursuant to Clause 4.6(b) shall be an obligation to reimburse the Servicer for the full amount of any VAT element of the Cost (rather than only any Irrecoverable VAT, as provided by Clause 4.6(b)) and the Servicer shall use its reasonable endeavours to procure that the person making the supply provides the Issuer with a valid VAT invoice in respect thereof.

4.7 Records

- (a) Subject to Clause 4.7(b), the Servicer shall keep and maintain records, on a Loan by Loan basis on a Computer System where possible, for the purposes of identifying amounts paid by each Borrower, any amount due by a Borrower and the balance from time to time outstanding on a Borrower's account and such other records as are required by the Services Specification, provided that, at all times the Servicer shall identify separately all records and amounts, including:
 - (i) all moneys received or paid by the Servicer in respect of the Loans or otherwise on behalf of the Issuer into the relevant Collection Accounts or otherwise;
 - (ii) all Title Deeds to the extent held by the Servicer;
 - (iii) all Loan Files; and
 - (iv) any other records whatsoever, including information stored electronically, in respect of the Loans.
- (b) The Servicer shall provide Loan Files and other records in respect of the Loans and their Related Security to the Issuer or as it shall direct from time to time in the manner and at the times provided for in the Services Specification or as requested by the Issuer.

4.8 Trust

If the Servicer receives any money whatsoever arising from the Loans or any Related Security therefor (including from any contract of insurance), which money belongs to the Issuer or is to be paid to the Issuer but has not been deposited into the relevant Collection Account, it will hold such money on trust for the Issuer and shall forthwith upon its receipt thereof pay the same in accordance with Clause 4.4 (Sums Received in the Accounts) into the Deposit Account.

5. LIABILITY OF THE SERVICER AND ISSUER

5.1 Servicer not Liable

The Servicer and its directors, officers, employees or agents shall not be liable in respect of any liabilities or loss suffered or incurred, whether direct or consequential, by the Issuer as a result of:

- (a) any incomplete or inaccurate information on which it would be usual for a prudent person in the position of the Servicer to rely including information from the Issuer, the Borrowers, valuers, solicitors, mortgage lenders, employers and credit reference agencies;
- (b) any action properly taken by the Servicer at the request of the Issuer;
- (c) default in payment by any Borrower or other obligor under any Loan or its Related Security due to circumstances beyond the control of the Servicer;
- (d) any negligent or fraudulent act, error or omission of any surveyor, valuer, solicitor, broker, accountant or other professional or agent instructed by the Servicer on behalf of the Issuer if Clause 3.7(e) applies; or
- (e) any tax (or any interest or penalties with respect thereto or arising from a failure to pay tax) required to be paid by the Issuer,

except where such liabilities or losses are suffered or incurred as a result of any fraud, Gross Negligence or wilful default of the Servicer or its directors, officers, employees or agents. For the purposes of this Clause 5, **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.

5.2 Force Majeure

- (a) To the extent that the Servicer has, if applicable, complied with its obligations under Clause 3.1 (Duties/Standard of Servicer) and under Clause 5.2(b) and its covenant under Clause 19.3 (Covenants of Servicer), the Servicer shall not be liable to the Issuer in respect of failure from time to time to service the Loans and Related Security if the failure:
 - (i) arises from any computer or information technology system failure, breakdown or delay outside the control of the Servicer; or
 - (ii) is attributable to the occurrence of a Force Majeure Event.
- (b) If affected by any of the events set out in Clause 5.2(a) above, the Servicer shall:
 - (i) provide the other parties to this Agreement with full written details of the nature and extent of the event in question;
 - (ii) use all reasonable endeavours to avoid or minimise the consequences of the event in question and carry out its obligations and duties in such other ways as may be reasonably practicable; and
 - (iii) use its reasonable endeavours to resume performance of the suspended obligation and in the meantime must continue to perform the remainder of its obligations to the best of its ability.

5.3 Limit to Servicer's Liability

Notwithstanding anything contained in this Agreement, but subject to paragraph (b) below, the Servicer's liability in contract, tort (including negligence or breach of statutory or regulatory duty) or otherwise howsoever, and whatever the cause thereof, arising by reason of or in connection with this Agreement:

- (a) shall be limited to £1,500,000 (one million five hundred thousand pounds) in aggregate for so long as the Servicer is appointed under this Agreement; and
- (b) shall 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.

The Servicer's limitation of liability set out in this Clause 5.3 shall not apply in respect of any liability arising as a result of the fraud, wilful default or Gross Negligence of the Servicer.

5.4 Issuer's indemnity

The Issuer shall fully and continually indemnify the Servicer from and 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 or which may be brought or established against the Servicer by any person including any Relevant Regulator and which in any case arise out of or in relation to or by reason of the Servicer providing the Services (including, for the avoidance of doubt, applying any applicable tariff of charges to any Borrower and/or Loan and the taking of any step in connection with any arrears/possession) except where the relevant losses, Liabilities, claims, expenses or damages arise by reason of the Servicer's fraud, wilful default or Gross Negligence (or that of its officers, directors or employees) in the performance of its obligations under this Agreement.

6. SERVICES NON-EXCLUSIVE

Nothing in this Agreement shall prevent the Servicer from rendering to others services similar to those provided for in this Agreement.

7. MORTGAGE RATE

7.1 Subject to the terms of the Mortgage Sale Agreement, the Legal Title Holder and the Issuer (as applicable) hereby grants the Servicer full right, liberty and authority from time to time, in accordance with the relevant Mortgage Conditions, to determine and set 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, the Floating Mortgage Rates provided that the interest due on the Floating Rate Loans is set by reference to LIBOR as determined in accordance with the relevant Mortgage Conditions.

7.2 The Servicer shall take the steps rendered necessary by the relevant Mortgage Conditions and applicable law (including the Guidance Note on Interest Variation Terms issued by the Office of Fair Trading in February 2000, the Statement of Good Practice on fairness of terms in consumer contracts issued by the FSA in May 2005 and any successor guideline or applicable additional guidelines) to bring each change in Floating Mortgage Rates to the attention of the relevant Borrowers. Any change in the Floating Mortgage Rates shall be notified by the Servicer in writing to the Issuer and the Legal Title Holder as soon as reasonably practicable and the Servicer shall, as soon as reasonably practicable thereafter, notify the relevant Borrower of any changes in the Monthly Instalments in relation to the relevant Loans. The Servicer shall bear all costs arising in relation to such notification of a change in the Floating Mortgage Rates in relation to the relevant Loans.

8. CROSS-COLLATERAL MORTGAGE RIGHTS

8.1 The Legal Title Holder acknowledges to each of the other parties to this Agreement that the provisions of the Cross-collateral Mortgage Rights Deed entitle the Legal Title Holder to prevent any other Cross-collateral Party from exercising Cross-collateral Duplicate Rights 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 such provisions from exercising Cross-collateral Rights in respect of that Mortgage.

8.2 The Legal Title Holder covenants with the other parties to this Agreement 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 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.

9. FURTHER ADVANCES, PORTING AND PRODUCT SWITCHING

The Servicer undertakes with the Issuer and the Security Trustee that it shall not make any offer for a Further Advance, Port or Product Switch, or otherwise agree to any requested Further Advance, Port or Product Switch.

10. REDEMPTION OF MORTGAGES

10.1 Discharge

Upon repayment in full of all sums in relation to any Loan, the Servicer is hereby authorised by the Issuer, the Legal Title Holder and the Security Trustee to execute a receipt or discharge or relevant Land Registry Form DS1 for the Mortgage relevant to such Loan and any such other or further instrument or deed or satisfaction regarding such Mortgage and/or any other Related Security in respect of such Loan as it considers to be necessary or advisable, to implement an Electronic Notification of Discharge to the Land Registry and to release the relevant Title Deeds to the person or persons entitled thereto.

10.2 Entitlement

The Servicer undertakes that prior to any actual release by it of the relevant Title Deeds it will take appropriate steps to satisfy itself that the relevant Title Deeds are being released to the person or persons entitled thereto.

11. REPURCHASE OF LOANS AND THEIR RELATED SECURITY

11.1 Transfer or Assignment

- (a) The Legal Title Holder shall inform the Servicer, the Issuer and the Security Trustee of any transfer or assignment of any Loan and its Related Security to the Seller or the Legal Title Holder pursuant to the terms of the Mortgage Sale Agreement at least four Business Days prior to the relevant transfer date (or such other date as may be agreed by the Issuer and the Legal Title Holder or Seller (as the case may be)).
- (b) If the Issuer is required to deliver a Loan Repurchase Notice to the Seller or the Legal Title Holder pursuant to the terms of the Mortgage Sale Agreement, the Servicer agrees to deliver such Loan Repurchase Notice on behalf of the Issuer in accordance with the terms of the Mortgage Sale Agreement.

11.2 Execution

In connection with any transfer or assignment referred to in Clause 11.1 (Transfer or Assignment), the Servicer shall:

- (a) execute all necessary documents (including all transfers and assignments) on behalf of the Issuer to effect such transfer; and
- (b) take all other necessary action in accordance with the provisions of the Services Specification to effect such transfer to the Seller or the Legal Title Holder in accordance with the terms of the Mortgage Sale Agreement.

11.3 Costs and Expenses

All reasonable costs, expenses and charges necessarily incurred (including any amounts representing Irrevocable VAT in respect thereof) by the Servicer in the performance of its obligations pursuant to Clause 11.2 (Execution) shall be for the account of the Issuer as referred to in Clause 13 (Costs and Expenses).

12. SERVICING FEES

12.1 Payment

- (a) In consideration for providing Services other than the items at Clause 19.3(n) below (the **EMIR Services**), as to which see Clause 12.1(e) below, being the cash management and incidental administration element of the Services and carrying out the duties and obligations set out in this Agreement, the Issuer shall pay to the Servicer a fee 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 0.20 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**).
- (b) Any sum (or other consideration) payable (or provided) by the Issuer to the Servicer pursuant to this Agreement shall be deemed to be inclusive of VAT, if any, chargeable on any supply for which such sum (or other consideration) is the consideration (in whole or in part) for VAT purposes and Section 89 of VATA shall not apply to affect the amount of such sum (or other consideration) payable (or provided).
- (c) The Base Fee is payable quarterly 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.
- (d) For the avoidance of doubt, the Servicer shall also be entitled to the costs and expenses in accordance with Clause 13 (Costs and Expenses)
- (e) The Issuer and the Servicer hereby acknowledge and agree that no fee shall be payable by the Issuer to the Servicer in respect of the EMIR Services.

12.2 Effect of Termination

Upon termination of this Agreement, the Servicer shall be entitled to payment in respect of accrued but unpaid Base Fees up to the date of the termination of this Agreement save in circumstances where this Agreement has been terminated due to the inability of the Servicer to perform its duties pursuant to Clause 5.2 (Force Majeure) in which case the Base Fee shall cease to accrue on the date that the related services are no longer provided under this Agreement.

12.3 Fees Payable by Borrowers

For the avoidance of doubt, any administrative fees payable by the Borrowers in connection with their Loans shall be retained by the Servicer.

13. COSTS AND EXPENSES

13.1 VAT

Except as provided otherwise in this Agreement, any reference to fees and expenses (including out of pocket expenses) incurred by a person shall be deemed to include an amount representing Irrecoverable VAT in respect thereof.

13.2 **Costs and Expenses**

13.3 The Issuer will on each Interest Payment Date reimburse the Servicer for all reasonable out-of-pocket costs, expenses and charges (including any amounts representing Irrecoverable VAT in respect thereof) properly incurred by the Servicer in the performance of the Services (to the extent not reimbursed to the Servicer on any previous Interest Payment Date) in accordance with Clause 4.6(b).

- (a) The Servicer will use reasonable endeavours to recover from the relevant Borrowers all costs and expenses incurred by the Servicer which are properly recoverable from those Borrowers under the relevant Mortgage Conditions, in accordance with the standards of a Reasonable, Prudent Residential Mortgage Servicer.

14. **INFORMATION**

14.1 **Access**

The Servicer shall permit the Issuer, the Legal Title Holder and the Security Trustee, its duly authorised representatives and its auditors (external and internal) and its regulators during normal business hours and upon reasonable notice to have full access to all books of record and account relating to the administration of the Loans and their Related Security, the provision of the Services and related matters and shall permit such person or persons to conduct audits, due diligence or other reasonable inspections ancillary thereto or to prepare reports.

14.2 **Further Information**

- (a) Without prejudice to the provision of the Services and the Services Specification, the Servicer agrees with the Issuer that it shall prepare and deliver to the Issuer and the Legal Title Holder such further information and/or reports, whether in writing or otherwise, as the Issuer and/or the Legal Title Holder may reasonably request from time to time, upon reasonable prior notice of the information required and the form to be delivered, including, without prejudice to the generality of the foregoing, such information as the Issuer and/or the Legal Title Holder reasonably requests in order for it to comply with (i) any supervisory or regulatory requirement of the FCA or for (ii) the supervisory or regulatory requirements of any other tax, supervisory or regulatory authority to which the Issuer and/or the Legal Title Holder is from time to time subject.
- (b) Notwithstanding the above, the Servicer will maintain the relevant books and records to enable it to provide, at any time (but no more than six times per calendar year), the reports specified in paragraph (a) above for a period of up to six years after the termination of this Agreement upon the Issuer or the Legal Title Holder providing written notice to the Servicer at least seven Business Days prior to the date upon which the report relates (the **Relevant Date**). The Servicer shall deliver such reports to the Issuer and/or the Legal Title Holder (as applicable) by the close of business on the second Business Day after the Relevant Date. Any further request by the Issuer and/or the Legal Title Holder to provide any such reports will be provided upon such prior notice, delivery time and subject to payment of an additional fee to be agreed by the Issuer (or following the delivery of an Enforcement Notice, the Security Trustee) and/or the Legal Title Holder (as applicable) and the Servicer at such time.

14.3 **Servicer Report and Loan File Information**

- (a) The Servicer shall, (in the case of any month in which an Interest Payment Date falls) on the 4th Business Day of each month or (in the case of any month in which no Interest Payment Date falls) on the 10th Business Day of each month, deliver to the Legal Title Holder, the Seller, the Cash Manager, the Issuer and the Security Trustee the Servicer Report substantially in the form set out in Schedule 3 (Servicer Report) hereto.
- (b) The Servicer shall, (in the case of any month in which an Interest Payment Date falls) on the 4th Business Day of each month or (in the case of any month in which no Interest Payment Date falls) on the 10th Business Day of each month, make available on such website as is agreed between the Servicer, the Cash Manager and the Issuer from time to time loan level data for the purposes of the Bank of England's Discount Window Facility.
- (c) The Servicer shall quarterly following an Interest Payment Date and no later than the end of the calendar month in which the Interest Payment Date falls, submit to European DataWarehouse GmbH, or any other data repository accepted by the European Central Bank's Eurosystem, loan level data for the purposes of satisfying the Eurosystem's collateral eligibility requirements.
- (d) Each of the Issuer and the Legal Title Holder (each, a **Relevant Entity** and, together, the **Relevant Entities**) hereby appoints the Servicer (in its capacity as such) to act as the designated reporting entity for the purposes of complying with any applicable requirements under Article 8b of the CRA Regulation, the corresponding implementing measures from time to time and any replacement legislation in force and applicable to the Issuer and Legal Title Holder from time to time in respect of any relevant Notes issued by the Issuer.
- (e) The Servicer shall, as soon as possible, inform the Cash Manager of any amounts to be paid to the Seller as a Third Party Amount.

15. **LOAN FILES AND TITLE DEEDS**

15.1 **Security Interest**

The Servicer acknowledges that any Loan Files and Title Deeds in its possession or held to its order from time to time for whatever reason are held to the order of the Issuer and the Security Trustee or, (following the delivery of an Enforcement Notice) as the Security Trustee shall otherwise direct and the Servicer irrevocably waives any rights or lien or other Security Interest which it might have herein or to which it might at any time be entitled. In the event of an inconsistency between any instructions relating to the Loan Files and Title Deed of the Issuer and any instructions relating to the Loan Files and Title Deed of the Security Trustee, the instructions of the Security Trustee shall prevail to the extent of the inconsistency.

15.2 **Delivery of documents**

Each of the Issuer and the Security Trustee agrees and acknowledges that:

- (a) it will not request the Servicer to deliver up the Loan Files and/or Title Deeds in its possession relating to the Loans and their Related Security except:
 - (i) following the termination of the appointment of the Servicer;

- (ii) where required pursuant to any legal requirement or the requirement of any tax, supervisory or regulatory body to which the Issuer or the Security Trustee (as applicable) is subject to from time to time; or
- (iii) upon the Security Trustee providing the Servicer with ten Business Days prior written notice,

and in each case, the Issuer agrees to pay the reasonable costs incurred by the Servicer in connection with such delivery; and

- (b) the Servicer shall not be in breach of its obligations under this Agreement to the extent that the Servicer is unable to perform the relevant obligations solely by virtue of the fact that the Servicer has complied with a request from the Issuer or the Security Trustee to deliver up any documents to the Issuer or the Security Trustee or any other person in circumstances where the Servicer requires such documents, deeds or instruments in order to perform the relevant obligations provided that the Servicer has used all reasonable endeavours to retrieve such documents and notifies the Issuer or the Security Trustee (as applicable) that it requires such documents in order to perform the relevant obligations. If these circumstances apply, the Servicer shall deliver copies of the relevant documents to the Issuer and/or the Security Trustee (as applicable) when possible.

16. INSURANCE

16.1 Administration

The Servicer will administer, to the standards of a Reasonable, Prudent Residential Mortgage Servicer, the arrangements for any insurance to which the Issuer is a party or in which it has an interest and which relate to the Loans.

16.2 Buildings Insurance

- (a) On the date of each Loan and subsequently as required to ensure compliance with any contingency insurance, the Servicer will use reasonable endeavours to ensure that the Property which is the subject of that Loan is insured under a comprehensive insurance policy of the type a Reasonable, Prudent Residential Mortgage Servicer would expect to be in place against all risks usually covered by such a comprehensive insurance policy with such reasonable level of excess for the relevant Property (or if more than one the aggregate of all such Properties) to its full reinstatement value.
- (b) The Servicer shall maintain Failure to Insure Cover.

16.3 Avoidance or Termination

The Servicer shall not knowingly take any action or omit to take any action which would result in the avoidance or termination of any applicable Third Party Buildings Policy or would reduce the amount payable on any claim thereunder. The Servicer shall use reasonable endeavours to keep in full force and effect each Third Party Buildings Policy (or another policy providing equivalent cover) in relation to any Loan and associated Property to which it applies other than assuming any liability for the premium thereon.

16.4 Required Action

The Servicer shall take such action in relation to the Third Party Buildings Policies as would a Reasonable, Prudent Residential Mortgage Servicer and pay premiums due and payable under

any applicable Third Party Buildings Policy in order that the cover provided by such Third Party Buildings Policy shall not lapse. Any costs incurred by the Servicer shall be paid by the Issuer in accordance with Clause 13 (Costs and Expenses).

16.5 Notice of no Insurance

Upon either:

- (a) the receipt of notice that any Property is not insured against fire and other perils (including subsidence) under a householder's comprehensive insurance policy or similar policy in accordance with the terms of the related Loan; or
- (b) the relevant Borrower not supplying sufficient information in response to the Servicer's requests to allow the Servicer to comply with Clause 16.2 (Buildings Insurance),

then the Servicer will arrange Lender Interest Only Cover in accordance with the terms of such Loan and add any costs properly incurred in relation thereto to money outstanding under the relevant Loan.

16.6 Block Insurance Policies

The Servicer will on behalf of the Issuer and the Legal Title Holder maintain the Block Insurance Policies in the name of the Legal Title Holder. The Issuer shall reimburse the Servicer for the pro rata share of the costs of any Block Insurance Policies to the extent such Block Insurance Policy relates to the Loans.

17. DATA PROTECTION

Compliance with Data Protection Laws

17.1 Subject to the remaining provisions of this Clause 17, each of the Servicer, the Issuer, and the Legal Title Holder shall:

- (a) comply with its obligations under Data Protection Laws; and
- (b) promptly assist the other party, on receipt of a reasonable request in writing setting out the nature of the assistance required, to enable it to comply with its obligations under Data Protection Laws. The requesting party shall reimburse all reasonable and properly incurred costs incurred by the other party in providing any assistance requested pursuant to the foregoing.

Independent Controllers

17.2 The parties acknowledge that:

- (a) the Servicer, as it is also the Seller pursuant to the Mortgage Sale Agreement, will be a Data Controller in its own right and not a mere data processor acting on behalf of either the Issuer or the Legal Title Holder in respect of the Personal Data that it processes under or in connection with this Agreement; but
- (b) the Issuer and the Legal Title Holder will under this Agreement each determine the purposes for which and manner in which its processing is carried out and is, therefore, also a Data Controller in respect of that processing.

- 17.3 Each of the Servicer, the Issuer, and the Legal Title Holder shall, to the extent permitted by Data Protection Laws, deal promptly and in good faith with all reasonable and relevant enquiries from the other relating to its processing of the Personal Data at the other's expense.

Notification to Borrowers

- 17.4 The Servicer shall, if required under Data Protection Laws and if the Issuer or the Legal Title Holder reasonably requires the Servicer to do so, at the Issuer's or the Legal Title Holder's expense (as applicable), take all reasonable steps to notify each Borrower that (as applicable) each of the Issuer and the Legal Title Holder is a Data Controller of Personal Data in respect of which the Borrower is the data subject and provide each such Borrower with such details as the Issuer and the Legal Title Holder each reasonably requests for the purposes of each of their compliance with the Data Protection Laws.

Rights of data subjects

- 17.5 If a data subject makes a written request to the Servicer, the Issuer, or the Legal Title Holder to exercise any of his or her rights to access, rectification, erasure, restriction or object to processing of Personal Data, or to data portability, the receiving party shall promptly and in any event within five Business Days after it receives the request, forward the request to the other parties and each of the Servicer, the Issuer, and the Legal Title Holder shall cooperate reasonably and in good faith in relation to that request to enable the receiving party to respond to such request and meet applicable deadlines and information requirements under Data Protection Law.

Purposes and disclosure

- 17.6 Each of the Servicer, the Legal Title Holder and the Issuer agree that the Servicer, the Legal Title Holder and the Issuer will only process Personal Data for the purposes of servicing and managing the Loans and their Related Security, and will only disclose the Personal Data to a third party in relation to such purposes, except where it is under a legal requirement to disclose pursuant to Applicable Law or where required by a Data Protection Authority or Authority. Each of the Servicer, the Issuer, and the Legal Title Holder shall, to the extent permitted by Applicable Laws, give the other written notice of any such legal requirement to disclose, promptly after becoming aware of that requirement.

Communicating with Data Protection Authorities

- 17.7 If any of the Servicer, the Issuer, or the Legal Title Holder receives any complaint, notice or communication from a Data Protection Authority which relates directly or indirectly to another party's: (i) processing of Personal Data; or (ii) a potential failure to comply with Data Protection Laws in relation to the Personal Data, the Receiving Party shall, to the extent permitted by Applicable Law, promptly forward the complaint, notice or communication to that party and provide that party with reasonable cooperation and assistance in relation to the same.

Data Breach

- 17.8 Upon becoming aware of:
- (a) a Data Breach;
 - (b) any breach of this Clause 17;

- (c) any breach by it of Data Protection Law (including any enforcement proceeding against it or any notification of any Data Breach to a Data Protection Authority under Data Protection Law),

in each case in relation to its processing of Personal Data pursuant to this Clause 17, each of the Servicer, the Issuer, and the Legal Title Holder shall:

- (i) notify each other party without undue delay and provide the others with a reasonable description of the breach promptly upon such information becoming available;
- (ii) promptly take adequate remedial measures;
- (iii) work together with the others, acting reasonably and in good faith, to mitigate any adverse effects of any such breach on the others' business and the affected data subjects;
- (iv) not release or publish any filing, communication, notice, press release or report concerning the breach without first consulting the other parties with regards to the content and giving due regard to the other parties' reasonable comments, save that it may disclose a breach to the extent required by Applicable Law; and
- (v) bear all costs and expenses incurred as a result of any action and steps undertaken pursuant to this Clause 17.8, and shall promptly on demand reimburse the other party for any reasonable costs and expenses incurred by the other parties as a result of such breach following presentation to it of written documentation demonstrating the amount of the same.

18. CONSUMER CREDIT ACTIVITIES

The Servicer and the Legal Title Holder represent that as at the date of the Original Servicing Agreement each has obtained, and that hereafter will maintain, all appropriate authorisations, permissions, interim permissions and authorities (if any) required under the FSMA to carry on relevant consumer credit activities in England and Wales to enable it to perform its obligations under this Agreement.

19. WARRANTIES AND COVENANTS

19.1 Warranties of Servicer

The Servicer hereby warrants for the benefit of the Issuer that in connection with this Agreement:

- (a) it is a private limited company duly incorporated, validly existing and registered under the laws of England with power, capacity and authority to enter into this Agreement and to exercise its rights and perform its obligations under this Agreement and all corporate and other action required to authorise the execution of this Agreement and its performance of its obligations under this Agreement has been duly taken;
- (b) the obligations expressed to be assumed by it in this Agreement are legal and valid obligations binding on it in accordance with the terms of this Agreement if the obligations expressed to be assumed by the other party in this Agreement are legal and valid obligations binding on it in accordance with the terms of this Agreement and enforceable in accordance with its terms; and

- (c) it has not taken any corporate action nor to its knowledge have any other steps been taken or legal proceedings been started against it for its winding-up, dissolution, administration or re-organisation or for the appointment of a receiver, administrator or administrative receiver of it or of any or all of its assets or revenues.

19.2 Warranties of Issuer

The Issuer hereby warrants for the benefit of the Servicer that:

- (a) it is a public limited company duly incorporated, validly existing and registered under the laws of England with power, capacity and authority to enter into this Agreement and to exercise its rights and perform its obligations under this Agreement and all corporate and other action required to authorise the execution of this Agreement and its performance of its obligations under this Agreement has been duly taken;
- (b) the obligations expressed to be assumed by it in this Agreement are legal and valid obligations binding on it in accordance with the terms of this Agreement if the obligations expressed to be assumed by the other party in this Agreement are legal and valid obligations binding on it in accordance with the terms of this Agreement and enforceable in accordance with its terms; and
- (c) it has not taken any corporate action nor to its knowledge have any other steps been taken or legal proceedings been started against it for its winding-up, dissolution, administration or re-organisation or for the appointment of a receiver, administrator or administrative receiver of it or of any or all of its assets or revenues.

19.3 Covenants of Servicer

The Servicer hereby covenants with and undertakes to the Issuer (without prejudice to any of its specific obligations under this Agreement) that:

- (a) it will 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 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) it will give such time and attention and exercise such skill, care and diligence in the performance of the Services and the other obligations contained in this Agreement and will provide those Services and perform such other obligations to the same standard as a Reasonable, Prudent Residential Mortgage Servicer;
- (c) it will comply with any proper orders and instructions which the Issuer may from time to time give to it in accordance with the provisions of this Agreement;
- (d) as at the date of the Original Servicing Agreement it has and it will 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 this 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 this Agreement and in particular any necessary notification under the Data Protection Laws and any authorisation and permissions under the FSMA;

- (e) it will not knowingly fail to comply with any applicable legal and regulatory requirements in the performance of the Services;
- (f) it will notify the Issuer upon becoming aware of any legal proceedings being taken against it or of any judgment or decree being given against it in any proceedings, which would, in each case materially and adversely affect its ability to perform its obligations under this Agreement;
- (g) it will make all payments required under this Agreement to be made by it 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 fees owed to the Servicer) except any deductions required by law (or as expressly permitted under this Agreement);
- (h) it will service the Loans and their Related Security with due and proper regard to the principles and procedures set out in this Agreement and the Services Specification;
- (i) in servicing the Loans and their Related Security it will maintain such back up Computer Systems as would a Reasonable, Prudent Residential Mortgage Servicer (and the Servicer agrees to supply the Issuer and the Legal Title Holder with details of its back up facilities and disaster recovery contingency plans when reasonably requested by the Issuer or the Legal Title Holder (as applicable));
- (j) it will notify the Issuer, the Security Trustee and the Legal Title Holder within 14 days of any notification by the auditors (internal or external) of the Servicer of any developments at the Servicer which will have a material adverse effect on the Servicer's ability to perform its obligations under this Agreement and the steps, if any, to be (or required to be) taken to remedy any such event;
- (k) it will not without the prior written consent of the Security Trustee amend or terminate any of the Transaction Documents save in accordance with their terms;
- (l) it will 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 (as defined below) or any event which with the giving of notice or lapse of time or certification would constitute the same; and
- (m) it will make any determinations required to be made by the Issuer under the Swap Agreement and will notify the Cash Manager and the Swap Provider upon making such determinations;
- (n) it will, on behalf of the Issuer:
 - (i) perform any Portfolio Reconciliation Risk Mitigation Techniques (as such term is defined in the PDD Protocol (as defined in the Swap Agreement)) as may be required in accordance with the requirements of EMIR; and
 - (ii) perform any Dispute Resolution Risk Mitigation Techniques (as such term is defined in the PDD Protocol (as defined in the Swap Agreement)) as may be required in accordance with the requirements of article 11(1) of EMIR and the terms of the Swap Agreement and any other relevant swap transaction.

20. REGULATION

The Issuer acknowledges that the Servicer has an overriding obligation to ensure Borrowers in arrears are treated fairly and in accordance with all applicable laws, regulations and regulatory guidance and that such obligation will take precedence ahead of any other obligation of it under this Agreement. The Servicer shall not be liable to the Issuer for any performance or non-performance of the Services to the extent that the Servicer is seeking to meet its overriding obligations to ensure Borrowers are treated fairly and/or in accordance with applicable law, regulation or regulatory guidance.

Notwithstanding any other provision of this Agreement, the Servicer will be under no obligation to carry out any of the Services nor act upon any other decisions or instructions given by the Issuer at any time if and to the extent that the actions of the Servicer would, or would be likely to:

- (a) have an adverse effect on the legal authorisations of the Servicer and/or the Legal Title Holder;
- (b) have an adverse effect on the Servicer's and/or the Legal Title Holder's relationship with the FCA;
- (c) contravene the obligations of the Servicer and/or the Legal Title Holder under any laws and regulations; or
- (d) adversely affect the Servicer's rating as a servicer with any of the Rating Agencies (to the extent that it is rated by any of those Rating Agencies at such time).

21. TERMINATION

21.1 Servicer Termination Events

Subject to the prior written consent of the Security Trustee, the Issuer may, 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 this 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 this 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, (with a copy to the Back-Up Servicer Facilitator) 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, as the case may be, (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 this 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 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 this Agreement provided that this does not result or arise from compliance by the Servicer with any instruction from the Issuer or the Security Trustee,

then the Issuer (subject to the prior written consent of the Security Trustee) 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 its appointment as Servicer under this Agreement with effect from a date (not earlier than the date of the notice) specified in the notice. In determining whether to provide or withhold consent to the termination of the Servicer by the Issuer, the Security Trustee shall have regard to factors it deems to be 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). Upon the termination of the Servicer as servicer under this Agreement, the Issuer shall use its reasonable endeavours to appoint a substitute servicer that satisfies the conditions set forth in Clause 21.2 (Voluntary Resignation).

21.2 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:

- (a) a substitute servicer shall be appointed, such appointment to be effective not later than the date of such termination;
- (b) 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;
- (c) 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 this 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 Noteholders (the Noteholders acting by way of an Extraordinary Resolution) otherwise agree.

21.3 Scheduled termination of the appointment of the Servicer

The appointment of the Servicer, unless previously terminated in accordance with Clause 21.1 or Clause 21.2, as the case may be, 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.

21.4 Delivery of Documents and Records

In accordance with Clause 15.2 (Delivery of documents), 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) the Title Deeds and Loan Files relating to the Loans in the possession of the Servicer and other documents relating to the Loans and their Related Security.

21.5 Post Termination

When the appointment of the Servicer terminates, the Servicer shall: forthwith deliver (and in the meantime hold on trust for, and to the order of, the Issuer and the Security Trustee or, following the delivery of an Enforcement Notice, as the Security Trustee shall otherwise direct) 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): (a) all Loan Files, Title Deeds, insurance policies, books of account, papers, records, registers, correspondence and documents in its possession or under its control relating to the affairs of or belonging to the Issuer or the Loans and their Related Security (whether the same are in machine readable or hard copy form), any moneys then held by the Servicer on behalf of the Issuer and/or the Security Trustee and any other assets of the Issuer and/or the Security Trustee and shall take such further action in relation thereto as the Issuer or the Security Trustee may reasonably direct (and in the event of a conflict between directions from the Issuer and directions from the Security Trustee, the directions of the Security Trustee shall prevail), and (b) all relevant information contained on computer records in the form of magnetic tape, together with details of the layout of the files encoded on such magnetic tapes, in common industry format or other agreed format to enable the Issuer or such other party on its behalf to continue to service the Loans and their Related Security. The Servicer shall co-operate with and provide every assistance to the Issuer or its nominee for the purposes of provision of data, explaining the file layouts and the format of the magnetic tapes, or other agreed format, generally.

21.6 Transfer of Servicing

The Issuer and the Servicer acknowledge that (a) following the delivery of a notice of resignation by the Servicer pursuant to Clause 21.2 (Voluntary Resignation) but prior to the resignation of the Servicer being effected or (b) following the termination of the appointment of the Servicer pursuant to Clause 21.1 (Servicer Termination Events), the Issuer (with the assistance of the Back-Up Servicer Facilitator) will appoint a substitute servicer. The Security Trustee will have regard to the interests of the Noteholders in determining whether to consent to the termination of the appointment of the Servicer or the appointment of a substitute servicer. The Servicer undertakes that it will co-ordinate with the Issuer, the Back-Up Servicer Facilitator and any substitute servicer and use all reasonable endeavours to ensure that they have access to the Servicer's Computer Systems and data files to enable the Issuer or the substitute servicer to carry out its appointment as Servicer of the Loans and the Related Security and the Servicer will, if so requested by the Issuer in writing, continue to provide any necessary services until completion of the transfer or for six months after termination whichever is the lesser period. For clarity, the Issuer and the Servicer agree that the Servicer shall be paid its usual fees and reasonable out of pocket expenses in respect of such services during this transfer period.

21.7 Neither the Note Trustee nor the Security Trustee is obliged to act as servicer in any circumstances.

22. BACK-UP SERVICER FACILITATOR

- (a) With effect from the Closing Date until termination of the appointment of the Servicer pursuant to Clause 21 (Termination), the Issuer hereby appoints the Back-Up Servicer Facilitator in accordance with this Agreement to be the Issuer's agent to provide certain services as set out in paragraph (d) below (if required) in relation to the facilitation of a substitute servicer.
- (b) The Back-Up Servicer Facilitator hereby accepts the appointment by the Issuer under paragraph (a) above subject to the terms and conditions of this Agreement.
- (c) The Security Trustee consents to the appointment of the Back-Up Servicer Facilitator on the terms of and subject to the conditions of this Agreement.
- (d) If the Servicer's appointment is terminated in accordance with Clause 21 (Termination), the Back-Up Servicer Facilitator shall use best efforts to identify, on behalf of the Issuer, and assist the Issuer in the appoint of a suitable substitute servicer in accordance with the terms of this Agreement.
- (e) The Issuer shall pay to the Back-Up Servicer Facilitator in consideration for its assumption of such role and for any services provided by it pursuant to this Agreement, a fee (the **Back-Up Servicer Facilitator Fee**) (which shall be inclusive of any VAT), as specified in the Back-Up Servicer Facilitator Fee Letter, which shall comprise:
 - (i) an annual fee; and
 - (ii) if the Back-Up Servicer Facilitator is required to take action pursuant to this Agreement, all out-of-pocket charges and all properly incurred costs and reasonable expenses of the Back-Up Servicer Facilitator (which shall include legal fees and fees to be charged by the Back-Up Servicer Facilitator based on its then prevailing hourly rates) incurred in connection with such action (including any amounts representing Irrecoverable VAT in respect thereof),

and shall be paid to the Back-Up Servicer Facilitator semi-annually in advance on each relevant 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.

23. LIMITED RECOURSE/NON-PETITION

23.1 Non Petition

- (a) Each party to this Agreement hereby agrees that it will be bound by Clause 22.1 (Non-Petition in relation to the Issuer) of the Deed of Charge.
- (b) This Clause 23.1 shall survive the termination of this Agreement.

23.2 Limited Recourse

- (a) The parties to this Agreement hereby acknowledge and agree that all obligations of the Issuer to the parties to this Agreement in respect of amounts owing to the parties pursuant to this Agreement are subject to the terms of Clause 22.2 (Limited Recourse) of the Deed of Charge.
- (b) This Clause 23.2 shall survive the termination of this Agreement.

24. FURTHER ASSURANCES

- (a) Each of the Issuer, the Servicer, the Seller and the Legal Title Holder agrees that it will co-operate fully to do all such further acts and things and execute any further documents as may be necessary or desirable in order to give full effect to the arrangements contemplated by this Agreement and for enforcing all powers, authorities and discretions hereby or by law conferred on the Servicer.
- (b) Prior to the delivery of an Enforcement Notice, in the event that the funds available to the Issuer for such purpose in accordance with the applicable Priority of Payments on any Interest Payment Date in accordance with such Priority of Payments, are not sufficient to satisfy in full the aggregate amount payable to the Servicer by the Issuer on such Interest Payment Date, then the amount to be paid to the Servicer on such Interest Payment Date shall be reduced by the amount of the shortfall and such shortfall shall (subject always to the provisions of this Clause 24(b)) be payable on the immediately succeeding Interest Payment Date in accordance with the relevant Priorities of Payments.
- (c) Each of the Seller, the Legal Title Holder and the Servicer agrees that it will not:
 - (i) set off or purport to set off any amount which the Issuer is or will become obliged to pay to it under any of the Transaction Documents against any amount from time to time standing to the credit of, or to be credited to, the Collection Accounts or any other account prior to transfer to the Collection Accounts or any other account, as appropriate; or
 - (ii) make or exercise any claims or demands, any rights of counterclaim or any other equities against, or withhold payment of, any and all sums of money which may at any time and from time to time be standing to the credit of the Collection Accounts or any other account.
- (d) Notwithstanding any other provisions of this Agreement, all obligations to, and rights of, the Issuer under or in connection with this Agreement (other than its obligations under Clauses 14.2(b) and 23) shall automatically terminate upon the discharge in full of all amounts owing by it under the Transaction Documents, provided that this shall be without prejudice to any claims in respect of such obligations and rights arising on or prior to such date.

25. NO PARTNERSHIP

It is hereby acknowledged and agreed by the parties that nothing in this Agreement shall be construed as giving rise to any partnership between any of the parties.

26. PAYMENTS

- 26.1 All payments to be made pursuant to this Agreement shall be made in Sterling (unless otherwise required under the Transaction Documents) in immediately available funds and shall be deemed to be made when they are received by the payee. The payer of any such payments shall procure the remittance of all sums by telegraphic transfer to such accounts as the payee shall specify in writing at least two Business Days prior to the date of such payment.
- 26.2 If any payment is not made on the due date (being the date of demand) such payment shall carry interest from the due date of payment until actual payment at the rate of 2% per annum

above LIBOR, up to and including 31 December 2021 and at the rate of 2.1193% per annum above SONIA thereafter.

27. NOTICES

27.1 In writing

All notices and other communications to be made under or in respect of this Agreement must be in writing and, unless otherwise stated, may be given in person, by post or by fax and shall be sent to each relevant party using the contact details set out in Schedule 1 (Notices) of the Master Definitions and Construction Schedule. Unless it is agreed to the contrary, any consent or agreement required under this Agreement must be given in writing.

27.2 Changes

Any party to this Agreement may change its contact details by giving five Business Days' notice to the other parties.

27.3 Effectiveness

Any notice or communication given under this Clause 27 but received on a day which is not a Business Day or after 5 p.m. in the place of receipt will only be deemed to be given on the next Business Day in that place. Any notices to be given pursuant to this Agreement to any of the parties hereto shall be sufficiently served if sent by prepaid first class post, by hand or facsimile transmission and shall be deemed to be given (in the case of facsimile transmission) when despatched, (where delivered by hand) on the day of delivery if delivered before 5 p.m. on a Business Day or on the next Business Day if delivered thereafter or on a day which is not a Business Day or (in the case of first class post) when it would be received in the ordinary course of the post.

27.4 Disclosure to the Rating Agencies

The Servicer shall, as soon as practicable following receipt of a request in writing from any of the Rating Agencies, provide such Rating Agency with a copy of any notice, written information or report sent or made available by the Servicer to the Secured Creditors except to the extent that such notice, information or report contains information which is confidential to third parties or which the Servicer is otherwise prohibited from disclosing to such Rating Agency.

28. LANGUAGE

- (a) Any notice given in connection with this Agreement must be in English.
- (b) Any other document provided in connection with this Agreement must be:
 - (i) in English; or
 - (ii) accompanied by a certified English translation. In this case, the English translation prevails unless the document is a statutory or other official document.

29. ASSIGNMENT

Subject as provided in or contemplated by Clause 21 (Termination):

- (a) the Servicer may not assign or transfer any of its rights or obligations hereunder without the prior written consent of the Issuer and the Security Trustee; and

- (b) the Issuer may not assign or transfer any of its rights or obligations hereunder (other than by way of security pursuant to the Deed of Charge) without the prior written consent of the Servicer and the Security Trustee.

30. AMENDMENTS

Subject to Clauses 3.12 (Notice and Acknowledgement) and 25.7 (Modification to the Transaction Documents) of the Deed of Charge, any amendment, modification or variation to this Agreement may only be made with the prior written consent of each party to this Agreement.

31. WAIVER

No waiver of this Agreement or any provision(s) of this Agreement shall be effective unless it is in writing and executed by (or by some person duly authorised by) each of the parties hereto. No single or partial exercise of, or failure or delay in exercising, any right under this Agreement shall constitute a waiver or preclude any other or further exercise of that or any other right.

32. CONFIDENTIALITY AND ANNOUNCEMENTS

32.1 Confidentiality of information

Each party to this Agreement agrees that during the term of this Agreement and thereafter it shall keep confidential and it shall not disclose to any person whatsoever, any information relating to the business, finances or other matters of a confidential nature of any other party hereto of which it may have obtained as a result of the execution of this Agreement or of which it may otherwise have come into the possession of as a result of the performance of its obligations in respect of the Transaction.

32.2 Disapplication of confidentiality provisions

The parties to this Agreement shall use all reasonable endeavours to prevent any such disclosure referred to in Clause 32.1 (Confidentiality of information), provided that Clause 32.1 (Confidentiality of information) shall not apply:

- (a) to the disclosure of any information to any person insofar as such disclosure is expressly permitted by this Agreement;
- (b) to the disclosure of any information already known to the recipient otherwise than as a result of entering into any of the Transaction Documents or as a result of a breach of this Clause 32;
- (c) to the disclosure of any information with the consent of all the parties hereto;
- (d) to the disclosure of any information which is or becomes public knowledge otherwise than disclosure being made in breach of this Clause 32 or as a result of the unauthorised or improper conduct of the recipient;
- (e) to the disclosure of any information:
 - (i) to any of the Rating Agencies;
 - (ii) in order to obtain the admission of the Notes to the Official List;

- (iii) in connection with the admission of the Notes to trading on the Irish Stock Exchange; or
- (iv) which is necessary or desirable to provide to prospective investors in the Notes;
- (f) to any extent that disclosure is required pursuant to any law or order of any court of competent jurisdiction or pursuant to any direction, request or requirement (whether or not having the force of law) of any central bank or any governmental or other regulatory or taxation authority (including any official bank examiners or regulators or the Irish Stock Exchange or the Central Bank);
- (g) to the extent that the recipient needs to disclose any information to any of its employees, provided that before any such disclosure, the relevant party shall make the relevant employees aware of its obligations of confidentiality under this Agreement and shall at all times procure compliance with such obligations by such employees;
- (h) to the extent that the recipient needs or wishes to disclose the same for the exercise, protection or enforcement of any of its rights under any of the Transaction Documents or, in the case of the Security Trustee, for the purpose of discharging, in such manner as it thinks fit, its duties or obligations under or in connection with the Transaction Documents in each case to such persons as require to be informed of such information for such purposes including, without prejudice to any Secured Creditor or, in the case of the Security Trustee, in connection with transferring or purporting to transfer its rights and obligations to a successor trustee;
- (i) to the disclosure of any information to professional advisers to, or agents of, any party to this Agreement who receive the same under a duty of confidentiality; or
- (j) to the disclosure of any information disclosed to a prospective successor party and additional or successor parties on the basis that the recipient will hold such information confidential upon substantially the same terms as this Clause 32.

33. SECURITY TRUSTEE

- 33.1 If there is any change in the identity of the Security Trustee or any additional Security Trustee is appointed in accordance with the Deed of Charge, the parties to this Agreement shall execute such documents and take such action as such successor or additional Security Trustee and the outgoing Security Trustee may reasonably require for the purpose of vesting in such successor or additional Security Trustee the rights and obligations of the outgoing Security Trustee under this Agreement and releasing the outgoing Security Trustee from any future obligations under this Agreement.
- 33.2 The Security Trustee has agreed to become a party to this Agreement for the better preservation and enforcement of its rights under this Agreement but shall not assume any obligations or liabilities to the Legal Title Holder, the Servicer or the Issuer hereunder. Any liberty or right which may be exercised or any determination which may be made under this Agreement by the Security Trustee may be exercised or made in the Security Trustee's absolute discretion without any obligation to give reasons therefor and the Security Trustee shall not be responsible for any liability occasioned by so acting but subject always to the terms of the Deed of Charge.
- 33.3 All the provisions of the Deed of Charge and the Trust Deed relating to the exercise by the Security Trustee of its powers, trusts, authorities, duties, rights and discretions shall apply, *mutatis mutandis*, to the discharge by the Security Trustee of its powers, trusts, authorities, duties, rights and discretions under this Agreement.

- 33.4 For the avoidance of doubt, and without prejudice to the obligations of the Issuer, neither the Security Trustee nor any Receiver appointed pursuant to the Deed of Charge shall be liable to pay any amounts due under Clauses 12 (Servicing Fees) and 13 (Costs and Expenses).

34. RIGHTS OF THIRD PARTIES

A person who is not a party to this Agreement has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

35. PARTIAL INVALIDITY

The invalidity, illegality or unenforceability of a provision of this Agreement does not affect or impair the continuation in force of the remainder of this Agreement.

36. AGENCY

The Servicer agrees and confirms that, unless otherwise notified by the Issuer or the Security Trustee, the Servicer, as agent of the Issuer, may act on behalf of the Issuer under this Agreement.

37. COUNTERPARTS

This Agreement may be executed in any number of counterparts (including by facsimile), all of which, taken together, shall constitute one and the same agreement and any party to this Agreement may enter into the same by executing and delivering a counterpart (including by facsimile).

38. GOVERNING LAW

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

39. SUBMISSION TO JURISDICTION

Each party to this Agreement hereby irrevocably submits to the exclusive jurisdiction of the English courts in any action or proceeding arising out of or relating to this Agreement (including a dispute relating to any non-contractual obligations arising out of or relating to this Agreement), and hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined by such courts. Each party to this Agreement hereby irrevocably waives, to the fullest extent it may possibly do so, any defence or claim that the English courts are an inconvenient forum for the maintenance or hearing of such action or proceeding.

IN WITNESS WHEREOF the parties hereto have executed this Agreement the day and year first before written.

SCHEDULE 1

SERVICER POWER OF ATTORNEY

THIS POWER OF ATTORNEY is made on 20 March 2018.

BY:

- (1) **PRECISE MORTGAGE FUNDING 2018-2B PLC** (registered number 11196223) whose registered office is at 35 Great St. Helen's, London EC3A 6AP (the **Issuer**);

in favour of
- (2) **CHARTER MORTGAGES LIMITED** (registered number 6749495) whose registered office is at 2 Charter Court, Broadlands, Wolverhampton, West Midlands WV10 6TD (the **Servicer**).

WHEREAS:

- (A) By virtue of a servicing agreement dated on or about the Closing Date and made between, *inter alios*, the Issuer and the Servicer (the **Servicing Agreement**) provision was made for the execution by the Issuer of this Power of Attorney.
- (B) Words and phrases in this Power of Attorney shall (save where expressed to the contrary) have the same meanings respectively as the words and phrases in the Master Definitions and Construction Schedule made between, amongst others, the parties hereto on or about the Closing Date (as the same may be amended, varied or supplemented from time to time with the consent of the parties to the Master Definitions and Construction Schedule) and this Power of Attorney shall be construed in accordance with the interpretation provisions set out in Clause 2 (Interpretation and Construction) of the Master Definitions and Construction Schedule.

NOW THIS DEED WITNESSETH as follows:

1. **THE ISSUER HEREBY APPOINTS THE SERVICER** to be its true and lawful attorney for it and in its name to do all or any of the following acts and things:
 - (a) executing all documents necessary for the purpose of discharging a relevant Loan comprised in the Portfolio which has been repaid in full and any Related Security or for the sale of a relevant Property as mortgagee or as heritable creditor;
 - (b) executing all documents and implementing all notifications or registrations of discharge to the Land Registry necessary for the purpose of releasing a Mortgage in accordance with the terms of the Servicing Agreement;
 - (c) executing all documents and doing all such acts and things which in the reasonable opinion of the Servicer are necessary or desirable for the efficient provision of the Services under the Servicing Agreement;
 - (d) exercising all rights, powers and discretion of the lender under the relevant Loans and their Related Security; and
 - (e) subject to Clause 3.7 (Delegation of Services) of the Servicing Agreement, appointing any delegate as its attorney and on its behalf, and in the Issuer's own name or the attorney's name, for all or any of the above purposes,

provided that, for the avoidance of doubt, these powers of attorney shall not authorise the Servicer to sell any of the relevant Loans by way of portfolio sale or otherwise and/or their Related Security (other than the sale of Loans to third party debt collection agents in enforcement scenarios), except as specifically authorised in the Transaction Documents (including repurchases of Loans by the Seller or the Legal Title Holder in accordance with the Mortgage Sale Agreement). For the avoidance of doubt, the Issuer shall not be liable or responsible for the acts of the Servicer or any failure by the Servicer to act under or in respect of these powers of attorney, save where such liability or responsibility is imposed under the Servicing Agreement.

2. The Issuer hereby agrees at all times to ratify and confirm the aforementioned acts which any attorney or substitute shall lawfully do or cause to be done under concerning or pursuant to this Power of Attorney.
3. No purchaser or other person shall be bound or concerned to see or enquire whether any deed, documentation, act or thing done or executed by the Servicer pursuant to this Power of Attorney was duly authorised by the Issuer.
4. This Power of Attorney shall, unless expressly revoked or terminated in writing by the Issuer, continue in full force and effect until such time as the appointment of the Servicer as servicer is terminated.
5. This Power of Attorney is governed by and shall be construed in accordance with English Law.

EXECUTED and **DELIVERED** as a **DEED** by)
PRECISE MORTGAGE FUNDING 2018-2B PLC)
as Issuer)
acting by two directors)
)
per pro Intertrust Directors 1 Limited)
)
)
per pro Intertrust Directors 2 Limited)

SCHEDULE 2

SERVICES SPECIFICATION

PART 1

GENERAL SERVICE SPECIFICATION

General Servicing Specification

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2. Version Control

Date	Version	Revision	Owner	Approval Ref
16/06/2011	1.0	Initial Draft	Laura Bradley	E052/11
17/01/2012	1.1	Added references to Charter Mortgages 2.	Laura Bradley	
29/10/2013	1.2	Added onto new template, updated mandates section	Laura Bradley	
April 2016	1.3	Minor revisions planned following annual review	Laura Bradley	

3. Annual Review Record

Next Review Date	Date Review Completed	Reviewer Name
16/06/2012	29/10/2013	Laura Bradley
29/10/2014	12/12//2014	Laura Bradley
12/12/2015	06/01/2016	Laura Bradley

4. Introduction

This is the General Servicing Specification referred to in the Agreement for the Provision of Mortgage Cash Management and Related Administration.

The following activities are not included in this Service Specification:

- Further Advances;
- Product Switching;
- Drawdown of Overpayments;
- Payment Holidays;
- Collections Activity (where an account is more than one month in arrear), and
- Financial Reporting and Cash Management.

5. Mortgage Administration

The Servicer will undertake the following activities which are more fully described in the Servicer's General Servicing Procedure Manual.

5.1 Data Protection and Information Security

All employees will comply with the following policies of the Servicer:

- Information Security Policy and
- Data Protection Policy

which include the following requirements:

- Verifying the identity of customers (or third parties acting on their behalf) on the telephone;
- Subject Access Requests under the Data Protection Act 1998;
- Dealing with parties who are not account holders, and
- Dealing with faxed instructions from customers.

5.2 Change of Name

All requests must be made by completing the Servicer's Change of Name Form, be signed by the customer (with both their current and previous signatures) and be supported by relevant documentation.

5.3 Change of Address

Changes to the correspondence address will be made following a telephone request where the customer's identity has been satisfactorily verified (or one of them in relation to a joint account).

5.4 Deceased Customers

When initial notification is received from a surviving customer or from a third party (either in writing or by telephone), the Servicer will update all relevant accounts on its servicing system with the date of death and issue a letter of condolence. Following receipt of formal documentation, the Servicer will deal with the account in an appropriate way which may involve, redemption, a transfer of equity, a transfer of the account to the survivor or liaising with the buildings insurer.

5.5 Returned Mail

The Servicer will investigate the reasons for all returned correspondence in an endeavour to establish the whereabouts of the customer and take appropriate steps to protect the security.

5.6 Bankruptcy

Where the Servicer receives notification that a customer has been made bankrupt/ entered into an IVA (or Scottish equivalent of Sequestration/ Trust Deeds) or has subsequently been discharged, it will identify all relevant accounts and update the servicing system and liaise with all relevant parties.

5.7 Power of Attorney

Where the Servicer is notified that a customer has granted a Power of Attorney, it will satisfy itself that the document is in an appropriate form and properly executed and that the authority granted is wide enough to cover the requested activity. It will then update its servicing system and liaise with the relevant parties.

5.8 Third Party Authority

When a customer provides an authority for a third party to discuss aspects of their mortgage account, the Servicer will verify that the authority is genuine before updating its system and dealing with that third party.

5.9 Change of Payment Date

The Servicer will process a request from a customer (in writing or by telephone) to amend their direct debit collection date from the 1st working day of each month (or other date in accordance with the customer's terms and conditions) and confirm the impact of the change in writing to the customer.

5.10 Change of Payment Type

All monthly instalments will normally be collected by Direct Debit and where a customer does not pay by this method, they will be encouraged to do so.

5.11 Change of Repayment Method

The Servicer will process a request from a customer to amend the repayment method on an account in accordance with the Client's agreed policy.

5.12 Flexible Features

Underpayments and payment holidays are not permitted. Overpayments are allowed but Early Repayment Charges may apply.

5.13 Rate Changes

The Servicer will process interest rate changes in accordance with the terms and conditions relating to the accounts and give appropriate notification of the change to customers.

5.14 Reversionary Rates

The Servicer will apply the reversionary rate on all accounts at the end of any incentive period and give appropriate notification of the change to customers.

5.15 Tenancies

The Servicer will process requests to let the mortgaged property received from a customer (either by telephone or letter) in accordance with the Client's agreed policy which would normally include the following requirements:

- The property must not be let in excess of 12 months (agreement to be renewed every 12 months).
- The property insurers must be aware of the tenancy.
- The tenancy must not be renewed without further approval.
- The agreement must be an Assured Shorthold Tenancy Agreement.
- The property must be re-occupied once the tenancy expires.

- The customers must make mortgage payments by direct debit.

If the Servicer becomes aware that a property has been let on an unauthorised basis, it will write to the customer and inform them that the tenancy is not binding on the Client and will not take any steps which would prejudice the Client's right to obtain possession of the property.

5.16 Account Reconstructions

The Servicer will provide a full breakdown of all mortgage transactions on an account on request from a customer (subject to the payment of any appropriate fee) and liaise with the customer in relation to any shortfall or overpayment.

5.17 Valuation

The Servicer will obtain a valuation (at the customer's expense) whenever the security of the property could be affected as the result of a transaction requested by the customer.

5.18 Annual/ Ad-hoc Statements

The Servicer will issue an Annual Statement in relation to each account in accordance with regulatory requirements enclosing an up to date Tariff of Charges.

The Servicer will also provide ad-hoc or duplicate statements on request subject to receipt of any requisite fee.

5.19 Certificate of Interest Paid

The Servicer will provide a Certificate of Interest Paid in any tax year (and the balance outstanding at the end of that year) on request subject to receipt of any requisite fee.

5.20 Redemption Statements

The Servicer will process a request for a redemption statement from a customer in writing or by telephone or from solicitors when made in writing which confirms the customer's authority (e.g. 'acting on behalf of the customer').

For Charter Mortgages 2 accounts we require 1 month's notice (verbal or written). A request for a redemption statement will class as notice but it needs to be at least a month or we will charge 1 month's interest.

5.21 Redemption

The Servicer will process the discharge of a charge at the Land Registry when cleared funds have been received sufficient to redeem the account in full (any cheque receipts must clear prior to release of charge).

If the funds received are greater than £100.00 of the required redemption amount, the Servicer will refund the overpayment to the customer or his solicitor.

If there is a shortfall of less than £100.00 in the required funds, the shortfall will be written off.

If there is a shortfall in the required funds of more than £100.00, the Servicer will investigate the reason for this before processing the redemption (e.g. sale in possession or mortgage asset reduction scheme) or request additional funds before doing so.

For Charter Mortgages 2 a Valuation of the property will be required to establish the share element of the loan.

5.22 Partial Repayments

The Servicer will accept and apply funds received to reduce the mortgage debt on an account where flexible features are not in place subject to the payment of any applicable early repayment charges.

Where unexpected funds are received and the customer's intentions are not clear, the Servicer will contact the customer to establish this prior to applying funds to the account.

For Charter Mortgages 2 a Valuation of the property will be required to establish the share element of the loan.

5.23 Natural Maturity

The Servicer will generate a maturity report to identify accounts with an Interest Only element which are due to mature in the next six months and will contact those customers to confirm their intention to redeem.

If no response is received the Servicer will automatically extend the repayment term of the account by 6 months and refer the account to the Collections Team.

Where the customer indicates that there are insufficient funds available to redeem the account, the Servicer will explore various options with the customer taking account of affordability and treating customer fairly considerations.

5.24 Deeds Administration

Upon receipt, the Servicer will reconcile the deeds packs received from the previous Title Holder. The Servicer will manage the safe custody of any title documents and paper files (if any) for each account and will investigate any case where a first legal charge is not satisfactorily registered. It will also process any requests from customers or their solicitors for access to the title documents.

5.25 Unpaid Ground Rent/Service Charges

When the Servicer receives notification from a landlord or managing agent of outstanding payments, it will investigate the reason for the non-payment and take appropriate steps with a view to ensuring that the security is not jeopardised by the non-payment.

5.26 Boundary Disputes

The Servicer will liaise with solicitors/customers to assist with their investigations into any boundary disputes and provide copy documentation on request

5.27 Second Charge Questionnaires/Consents

The Servicer will process any request from a second charge lender for details of the mortgage account (e.g. payment, mortgage type, arrears, title information), subject to receipt of the borrower's authority and any requisite fee.

Any cases where an account is in arrears will be referred to the Collections Team.

Consent to a second charge will be given to all requests where;

- The first Legal Charge has been correctly registered, and
- There are no arrears on the account.

5.28 Part Release of Security

The Servicer will process any requests for a release of part security ensuring that:

- the loan remains below the agreed LTV limit for the applicable scheme/product;.
- a valuation is obtained in respect of the property remaining as security;
- the acting solicitor gives confirmation that the title to the security will remain good and marketable after the release, and
- any arrears are cleared.

5.29 Professional Panels

The Servicer will only use solicitors that are registered with the Law Society and will, where possible, use the same firm for any title rectification issues and litigation activity to avoid duplication of fees.

The Servicer will only instruct valuers from its approved panel.

5.30 Direct Debits

Direct Debit is the preferred method for collecting mortgage payments.

The Servicer will process and administer Direct Debits in accordance with BACS rules and regulations.

Mortgage payments can also be made by Standing Order, Bank Transfer, Cheque and Debit Card.

Payments will also be accepted from the Department of Works and Pensions (DWP)

5.31 Insurance

The Servicer will carry out an annual check with a view to ensuring building insurance is being maintained by the customer on the property.

Where it becomes aware that adequate insurance is not in place it will place the property on its Lender Interest Only Policy and charge the appropriate fee and policy premium to the customer.

Where subsequent proof of adequate insurance is received it will refund premiums where applicable.

5.32 Transfer of Equity

The Servicer will process a request from a customer to a transfer of equity (when at least one of the existing customers is to remain as a party to the mortgage) when submitted on a fully completed Transfer of Equity application form supported by any requisite fee. All applications will be processed in accordance with current FCA requirements and the Client's Lending Policy.

5.33 Complaints

The Servicer will handle any complaints in accordance with the Client's Internal Complaints Procedure. Complaints which relate to policy issues will be referred to the Client.

5.34 Record Retention

The Servicer will:

- retain all documentation, electronically or in other formats, for a period of 6 years after redemption of a mortgage account;
- store any transferred files and title documents at a secure site;
- scan all new correspondence , both inbound and outbound onto its system and then destroy the originals as confidential waste, and
- retain recordings of all customer telephone calls for a minimum of 3 years.

5.35 Porting

- For some Precise, Charter Mortgages 2 and Reliance 2 accounts - To be reviewed on individual case review. Subject to policy.

6. Service Levels

6.1 General

A monthly summary will be sent no later than 10 working days following the first working day of the month containing details of performance against the service levels below

6.2 Correspondence

All correspondence to be acknowledged or actioned within 5 working days of receipt (including requests for redemption statements and deeds packs).

6.3 Telephony

A minimum of 80% of all inbound telephone calls to be answered within 20 seconds and no more than 5% of all calls to be abandoned (calls abandoning within 10 seconds of connection will be automatically excluded from this calculation).

The hours of operation will be Monday to Friday 9.00am to 5.00pm (except Bank Holidays).

6.4 Redemptions

A redemption statement will be produced and sent within five working days of receipt of the request.

The Servicer will endeavour to close all mortgage accounts within 10 working days of receipt and clearance of sufficient funds.

Any refunds payable to due to overpayments to be issued within 10 working days of closure of the account.

Any cheques received to be banked at the earliest opportunity.

Land Registry discharge to be completed within 30 days of account closure.

6.5 Copy Documents & Deeds

Copy documents and deeds to be sent within five working days of receipt of the request.

6.6 Annual Statements

Annual Statements to be sent to customers within 60 days of the anniversary of the completion date of the mortgage (or the anniversary of the date of commencement of servicing by the Servicer).

7. Tariff of Fees

Can be located in the Servicing Ops shared drive stored under each client.

8. Primary Servicing Mandates

All authorities contained within this document are shown at minimum level required. Line management to whom the jobholder reports hold the same level of authority unless specified separately.

9. Senior Authority Levels

Document or Transaction	Level of Authority	Held By
Amending authorities contained within this document		Group Operations Board Approval required
Document or Transaction	Level of Authority	Held By
Agree payment of service charge/ground rent to avoid loss of security	Up to £5,000	Collections Manager
	Up to £10,000	Director of Collections
	Over £10,000	Chief Operating Officer
Document or Transaction	Level of Authority	Held By
Approval of solicitors fees outside of standard levels	Fees Up to £500	Technical Associate
	Fees up to £1,000	Team Leader
	Up to £5,000	Collections Manager
	Up to £10,000	Director of Collections
	Over £10,000	Chief Operating Officer
Document or Transaction	Level of Authority	Held By
Approval of private shortfall sale	Up to £5,000	Collections Manager
	Loss Up to £10,000	Director of Collections
	£10,000 to £20,000	Chief Operating Officer
	Over £20,000	2 Executive Board Members
Document or Transaction	Level of Authority	Held By
Sale of property in possession	Amounts Over EV	Asset Manager Mandated Individual
	Down to 95% of EV	Team Leader or Complex Technical Associate
	Down to 90 % of EV	Collections Manager
	Down to 80% of EV	Director of Collections
	Down to 70% of EV	Chief Operating Officer
	Below 70% of EV	2 Executive Board Members

Document or Transaction	Level of Authority	Held By
Agree reduction in asking price	To the higher of:- i. EV Or ii. asking price less 5%	Asset Manager
	Down to 95% of EV	Team Leader or Complex Technical Associate
	90% of EV	Collections Manager
	Down to 80% of EV	Director Of Collections
	Down to 70% of EV	Chief Operating Officer
	Below 70% of EV	2 Executive Board Members
Document or Transaction	Level of Authority	Held By
Authorising essential repairs or improvements to properties in possession	Not exceeding £200	Asset Manager Mandated Individual with 2 quotes
	Not exceeding £500	Team Leader or Complex Technical Associate with 2 quotes
	Up to £1,000	Collections Manager
	Up to £2,000	Director of Collections
	Over £2,000	Chief Operating Officer
Document or Transaction	Level of Authority	Held By
Authorise sale of property in possession at auction		Director of Collections
Document or Transaction	Level of Authority	Held By
Agree settlement of litigation where mortgage debt has been written off		Director of Collections
Document or Transaction	Level of Authority	Held By
Authorise litigation action in pursuit of shortfalls on possession		Director of Collections

Document or Transaction	Level of Authority	Held By
Agree settlement of costs in respect of shortfall litigation cases		Director of Collections
Document or Transaction	Level of Authority	Held By
Authorise acceptance of offers received from Borrowers in full and final settlement of any shortfall relating to properties in possession	Offer representing 75% or more of shortfall amount	Collections Manager
	Offer representing 50% to 75% of shortfall amount	Director of Collections
	Offers less than 50%	Chief Operating Officer
Document or Transaction	Level of Authority	Held By
Authorise Loan Modification – Temporary Conversion to Interest Only		Collections Manager
Document or Transaction	Level of Authority	Held By
Authorise Loan Modification – Capitalisation of arrears	Min of CMS received consecutively for 6 months & arrears not already capitalised within the last 12 month period	Collections Manager
Document or Transaction	Level of Authority	Held By
Authorise Loan Modification – Term extension		Collections Manager

Document or Transaction	Level of Authority	Held By
Authorise Loan Modification – Assisted Sale	Where there is no write-off	Collections Manager
	Where there is a write-off	Refer to Negative Equity Shortfall Sales mandates
Document or Transaction	Level of Authority	Held By
Appointment of LPA Receivers		Collections Manager
Document or Transaction	Level of Authority	Held By
Agree property disposal strategy with LPA Receivers		Collections Manager
Document or Transaction	Level of Authority	Held By
Waiving/Re-crediting Fees	Up to £100	Technical Associate
	Up to £250	Team Leader
	Up to £500	Collections Manager
	Up to £1000	Director of Collections
	Over £1000	Chief Operating Officer
Document or Transaction	Level of Authority	Held By
Refund of Payments		Collections Manager

10. Collector Authority Levels

Transaction	Parameters	Held By
Lump Sum Arrangements	Up to 28 days in the future	Collections Associate
	Up to 60 days in the future	Team Leader
	Greater than 60 days in the future	Collections Manager
Transaction	Parameters	Held By
Additional Payment Arrangements	Up to 24 months	Collections Associate
	Up to 36 months	Technical Associate
	Up to 48 months	Team Leader
	Up to 60 months	Collections Manager
	Over 60 months	Director of Collections
Transaction	Parameters	Held By
CMS Only Arrangements	Minimum CMS for up to 4 months	Collections Associate
	Minimum CMS for up to 6 months	Technical Associate
	Minimum CMS for up to 8 months	Team Leader
	Minimum CMS, up to 12 months	Collections Manager

Transaction	Parameters	Held By
Concessional Arrangements	Minimum 50% of CMS for up to 4 months	Collections Associate
	Minimum 50% of CMS for up to 6 months	Technical Associate
	Minimum 50% of CMS for up to 8 months	Team Leader
	Less than 50% and above 25% of CMS for up to 6 months	Collections Manager
	Less than 25%	Director of Collections
Transaction	Parameters	Held By
Instruct Third Party Associate		Collections Associate
Transaction	Parameters	Held By
Authorise litigation action to commence		Team Leader
Transaction	Parameters	Held By
Authorise “Adjourn” Court Hearing	Arrears reduced to below 2 months	Technical Associate
	Arrears remaining above 2 months	Team Leader
Transaction	Parameters	Held By
Agree to Court Order being set aside	All	Team Leader
Transaction	Parameters	Held By
Authorise enforcement of Court Order		Collections Manager
Transaction	Parameters	Held By
Authorise solicitors to obtain Warrant of Restitution		Collections Manager
Transaction	Parameters	Held By
Authorise “Oppose” Application to Suspend Eviction		Team Leader

Transaction	Parameters	Held By
Authorise cancellation of Eviction		Team Leader
Transaction	Parameters	Held By
Authorise Voluntary Surrender / Vacant Possession		Collections Manager

11. Primary Servicing Mandates

Document or Transaction	Level of Authority	Held By
Waiving Administration fees (including ERC's)	Up to £250	Team Manager
	Up to £500	Operations Manager
	Up to £1000	Director of Operations
	Over £1000	Chief Operating Officer
Document or Transaction	Level of Authority	Held By
Waiving redemption shortfalls	Up to £100	Mortgage Admin Team
	Up to £250	Servicing Team Leader
	Up to £500	Operations Manager
	Over £500	Director of Operations or Operating Board Member
Document or Transaction	Level of Authority	Held By
Transfer of Equity	All	Senior Underwriter
Document or Transaction	Level of Authority	Held By
Complaints Compensation	Up to £50	Team Leader
	Up to £250	Operations Manager
	Up to £1000	Director of Operations
	Over £1000	Chief Operations Officer
Document or Transaction	Level of Authority	Held By
Second Charge Requests	No Arrears on the Account	Servicing Team Leader
	Account in Arrears	Collections Manager

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Document or Transaction	Level of Authority	Held By
Change of Term (reduction)		Senior Underwriter
Change of Term (extensions) No Arrears	All	Operations Manager
Change of Repayment Method (C & I to I/O)		Refer to Collections
Change of Repayment Method (I/O to C & I)		Senior Underwriter
Product Switches		Operations Manager and Senior Underwriter
Transfer of Equity		Senior Underwriter
Document or Transaction	Level of Authority	Held By
Tenancy Agreements	No Arrears on the Account	Servicing Team Leader
	Account in Arrears	Technical Associate
Document or Transaction	Level of Authority	Held By
Release of Security	All	Underwriting Team Manager
Document or Transaction	Level of Authority	Held By
Porting		Senior Underwriter
Document or Transaction	Level of Authority	Held By
Releasing Charge at Land Registry		Team Manager

PART 2

COLLECTIONS AND RECOVERY SERVICE SPECIFICATION

Arrears and Repossessions Policy

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2. Annual Review Record

Next Review Date	Date Review completed	Reviewer Name
1/6/2011	20/6/2011	Claire Spilsbury
1/7/12	25/7/12	Claire Spilsbury
1/8/13	11/11/13	Claire Spilsbury
1/11/14	14/11/14	Fliss Dale
1/12/15	11/5/16	Fliss Dale
1/12/16	15/5/17	Fliss Dale
01/05/18		

3. Introduction

Charter Court Financial Services Limited (CCFS) is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and the PRA. Accordingly, it takes its regulatory responsibilities seriously and adheres to the rules and guidance set out in the FCA's Mortgages and Home Finance: Conduct of Business (MCOB) sourcebook in particular the rules contained in MCOB12 (Charges) MCOB13 (Arrears and Repossessions), and MCOB11.7 (Transitional Arrangements). It also takes into account the findings from a number of publications such as:

- FCA regulatory thematic reviews and its good and poor practice guidance;
- FCA Final Notices;
- issues raised by the Financial Ombudsman Service, advice agencies and HM Courts and Tribunal Service;
- FCA guidance on forbearance and impairment provisions for mortgages;
- the Mortgage Pre-action Protocol for England and Wales (as well as similar pre-action initiatives in Scotland);
- regulatory guidance on second charge lending and debt collection, and
- FCA Occasional Paper on Consumer Vulnerability.

MCOB13, sets out how firms should treat customers in the arrears and possessions process (including how any shortfall is dealt with). It builds on Principle 6 of the Principles for Business (which requires fair treatment of all customers including those with payment difficulties or with a sale shortfall) in respect of the information and service provided to them.

The requirement for a written policy and procedures is intended to ensure that a firm has addressed the need for internal systems to deal fairly with customers in financial difficulties and this Arrears and Repossessions Policy (the Policy) addresses that requirement.

It is in the interest of both the firm and the customer that payments are made promptly and that any agreed solution to overcome difficulties meets the needs of both parties. The FCA requires firms to consider whether forbearance tools are appropriate for the individual circumstances of the customer and whether they are in the prudential interests of the firm. The tools listed in this Policy are not exhaustive and other arrangements may be considered appropriate to the particular circumstances of a customer.

When providing forbearance to assist customers, CCFS is mindful of the provisions of Principle 8 (Conflicts of Interest) and seeks to ensure that:

- customers are not placed in an even worse position than they would have been in otherwise, and
- it either avoids the mortgage or secured loan moving into a non-sustainable position or, once the period of financial stress has ended, continues to work with the customer to bring the account back onto sustainable terms within a reasonable time frame appropriate to their circumstances, whilst complying with TCF principles.

Reference to 'sustainability' in this Policy, refers to sustainability for both CCFS and the customer.

The Policy will be applied by all companies in the same group as CCFS and on behalf of any lender client which agrees to adopt it.

The Policy sets out how CCFS will deal with customers who are facing financial difficulty, before they are actually in arrears, are already in arrears, or those who have incurred a shortfall debt. It has been designed to incorporate the FCA's principle of Treating Customers Fairly (TCF).

The Policy is reviewed on an annual basis by the Director of Collections and Recovery and by the Compliance Team and presented to CCFS' Board for approval.

In applying this Policy, no distinction is made between mortgages and secured loans, which are held on balance sheet and those that have been securitised. The Policy also applies whether or not the mortgage/secured loan is a Regulated Mortgage Contract or a Regulated Credit Agreement, and also applies to Bridging Finance.

Application of the Policy and the impact on customers is monitored by the Director of Collections and Recovery and second line oversight is provided by the Compliance Team.

The Policy provides a framework within which CCFS meets its legal and regulatory obligations and encompasses its core values:

- **Respect**
- **Excellence**
- **Attention**
- **Challenge**
- **Honesty**

CCFS recognises its responsibility to ensure that any third party suppliers, i.e. third party associates, asset managers, solicitors etc., appointed by it, operate in a manner consistent with the Policy at all times. CCFS acknowledges its responsibilities and therefore monitors and manages all Third Party Associates (TPAs) and understands that FCA responsibilities do not pass to such TPAs. Monitoring and reporting on a monthly basis is carried out so that clients and the CCFS management team can be satisfied that customers who are having payment difficulties are being treated fairly by CCFS and third party suppliers.

CCFS ensures that all relevant employees are kept up to date with compliance and operating procedures applicable to their duties. Monthly coaching and account sampling/call sampling is undertaken by the Mortgage Operations Quality Assurance Team, in addition to ad-hoc sampling by the team leader or manager.

The purpose of this sampling is to ensure that customers' individual circumstances have been taken into account in addressing payment difficulties and that the agreed procedures have been followed, together with consideration of the customer journey throughout all interactions with them.

The Collections Induction course provides information around vulnerable customers, 'can't' and 'won't' pay customers, the self-employed and good and poor practices.

4. Treating Customers Fairly

The Directors and Senior Management of CCFS are committed to ensuring that the principle of TCF and a tailored customer specific journey is applied in all areas of arrears administration activities.

CCFS has developed and embedded effective systems and controls into its procedures with a view to ensuring that customers are treated fairly and sympathetically. A suite of Management Information

and Key Performance Indicators (KPIs), including TCF dashboards, has been put in place to monitor internal standards. These include the use of forbearance options, identification of current and potential vulnerability as well as the use of third party suppliers, which is presented to the Operational Risk Working Group, Conduct Risk Management Committee and Clients on a monthly basis.

The aim of CCFS' collections approach is to proactively manage the collection of overdue payments, by seeking to identify the cause of the payment difficulties at the earliest opportunity, (including whether the issue is long or short term) and by helping the customer to gain control of the situation, prevent unnecessary deterioration.

CCFS will look to arrange a payment plan by engaging with the customer to resolve the arrears; it does not use a "one size fits all approach" but instead consideration is given to the customer's individual financial circumstances, including other secured and unsecured borrowing, and their ability to maintain any proposed payment plan, which is tailored to their needs and circumstances.

CCFS will treat the customer in a fair and reasonable manner at all times, and where necessary, ensure that evidence by way of an Income and Expenditure assessment and bank statements, where considered necessary are available to support any decisions made. The customer will be kept informed of any developments, costs or fees at appropriate times.

All customers experiencing difficulty will be treated on an individual basis with regular reviews and assessment of their present and anticipated circumstances, and where appropriate or necessary referring the account to the Collections Management Team to agree next steps or the way forward.

However, where it is evidenced that a customer can no longer afford to meet their obligations, and where the customer's circumstances show no material signs of improvement and realistic forbearance strategies have been exhausted, proactive action may be taken to prevent unnecessary deterioration and costs and protect the interests of the customer and CCFS; CCFS will work closely with these customers to exit homeownership in appropriate circumstances.

CCFS will exhaust all avenues of communication in an attempt to gain contact with customers in order to resolve the situation i.e. telephone calling, letters, use of SMS text messaging, where possible email, TPA visits, traces and in some cases a personal visit by a member of the Collections Team.

CCFS will provide clear and concise information to customers in arrears at appropriate points to make them aware of its expectations, whilst they are experiencing payment difficulties, and how they can expect to be treated; this will include information on how to complain if they are unhappy with the service provided. In addition, CCFS will ensure that all information prescribed by MCOB for customers in arrears is sent at appropriate times.

CCFS will endeavour to avoid any unnecessary cost or fees to the customer, regarding any implementation of legal action, and will not initiate any legal action where a sustainable and affordable arrangement can be agreed and maintained.

CCFS will ensure that its third party suppliers have their own TCF policy and internal complaint procedures.

CCFS will liaise with any appropriate third parties, if the customer makes arrangements for this, regarding advice surrounding any form of payment of the outstanding debt, and will also advise customers of the options of contacting Payplan, Citizens Advice Bureau, National Debt Line and other debt advice agencies for free debt advice or seeking independent legal advice.

Where it is identified that the customer has numerous unsecured debts, and is having difficulty prioritising their payments due to the “noise” they are experiencing from their unsecured creditors, CCFS will explain its relationship with Payplan, a free independent debt advice agency, which can provide support to customers and even deal with the unsecured creditors on the customer’s behalf.

The CCFS Collections Team considers it important to identify, contact and assist customers displaying potential impairment indicators e.g. requesting a change to their contractual terms (switch to interest only, term extension, payment holiday) or who are believed to be more susceptible to payment difficulties due to cost of living or interest rate rises but may not yet be in arrears. An Information Sheet giving key messages on how to prevent arrears and repossession is provided to all customers with their annual mortgage/secured loan statement directing them to a guide “Support with Financial Difficulties”, how to get in contact and also further information about Payplan.

In the interests of both the customer and CCFS, CCFS has adopted various approaches to maximise the potential of helping customers to repay their mortgage/secured loan debt should they fall into arrears or foresee future difficulties. This may include, if appropriate, the use of forbearance tools i.e. conversion to interest only, extending the mortgage term, capitalisation of arrears, allowing a reasonable period of time for a sale of a property to proceed upon the receipt of certain documents from solicitors/estate agents or a mutually agreed means tested arrangement for the repayment of the arrears.

CCFS or its third party suppliers will not put undue pressure on customers through excessive telephone calls, correspondence or contact at an unreasonable hour, having due regard to the customer’s work pattern and religious beliefs. Correspondence will not be issued to resemble a court summons and attempts to contact the customer will only normally be made between the hours of 8:00am and 8:00pm. A voicemail service outside of these times is available for customers to contact CCFS and leave a message.

In addition, where a Client wishes, an IVR system is in place for customers to make an automated payment to their mortgage account, and to store their card details securely for future use.

5. Arrears Management

CCFS addresses arrears both proactively and efficiently for the benefit of the customer and CCFS, wherever possible keeping the customer in their home. **Repossession will only be considered where all other available means of resolving the situation have been exhausted.**

However, customers who have entered into their contract with the intention of defrauding CCFS will, where applicable, be fast tracked through the litigation process so that any loss can be crystallised and any negligence claims can be undertaken at the earliest opportunity.

CCFS may consider a number of forbearance tools including arrangements, loan modifications/concessions in an attempt to agree a suitable payment solution with a customer. In considering these options in appropriate circumstances CCFS believes that this represents ‘reasonable efforts’ to reach agreement with customers.

Where the mortgage/secured loan relates to a Buy to Let case, consideration will be given as to whether it would be in the interests of CCFS and the customer to appoint an LPA Receiver instead of seeking possession.

Customers facing financial difficulty or unemployment are encouraged to contact the Department for Work and Pensions (DWP) as a matter of urgency to establish if they are entitled to any benefits and/or assistance to pay their mortgage or loan. They will also be asked whether they have the benefit of payment protection insurance.

Where appropriate, (this could include a number of different scenarios i.e. complex cases, vulnerable customer, portfolio of accounts, etc.) a case manager will be assigned at the initial arrears stage by the Collections Manager. However, a case manager will automatically be assigned to manage the account from 4 months arrears.

6. First Stage Arrears

CCFS proactively monitors accounts for missed payments. An account is classed as being in arrears if the full monthly payment has not been received two business days after the contractual monthly payment is due or after a direct debit rejecting, unless there is an existing arrangement in place. Collections activity will commence within the first day of the account entering arrears, or in the case of a rejected direct debit, if a re-presentation is applied, after the re-presented direct debit is rejected.

Within 15 business days of a customer going into arrears (whether for the first time or not), they will receive:

- the Money Advice Service information leaflet "Problems Paying Your Mortgage";
- the information required to be given to them at this stage under MCOB13;
- a guide 'Support With Financial Difficulties' explaining how CCFS will deal with them whilst they are behind with their mortgage payments.

Initial contact (letter, telephone calling, SMS text messaging) will be attempted within 5 working days of the failed payment. This will proactively continue throughout the collections and litigation process in order to manage the account until the arrears are cleared, an acceptable arrangement has been made or ultimately as a last resort the property is repossessed.

In all instances telephone contact will be attempted to endeavour to resolve the situation early, prevent further decline, establish the reasons for the arrears, understand the customer's financial circumstances, build an early rapport with the customer and ascertain why the customer did not inform CCFS of a potential problem, with the ultimate goal of agreeing an affordable and sustainable arrangement.

Whilst the account remains in arrears and no contact or arrangement has been made, in addition to the proactive calling, regular letters will be sent to make the customer aware of the consequences of continued non-payment.

If an account is subject to litigation action, as it has previously been in arrears, the case manager will continue to attempt contact with the customer by telephone, SMS text messaging and letters. Should contact be made and an affordable and sustainable arrangement agreed, then legal action will be postponed to enable the account to be bought back in to a sustainable position.

7. Second Stage Arrears/Third Party Associates

In the case of second or subsequent payments being missed and where CCFS has been unable to establish contact with the customer, in order to exhaust all options prior to further action being taken, a TPA may be instructed to conduct a home visit to the customer and at any relevant addresses (security or correspondence).

Customers will be informed by letter of the possible instruction of a TPA and the associated fee (where applicable), prior to the instruction, giving them the opportunity to avoid the cost by making contact. The account will be debited with the cost of the administration fee on the day of instruction and following receipt of the completed TPA report and invoice, the appropriate fee will be debited, in line with CCFS' Tariff of Mortgage Charges. If contact with the customer is established, prior to the visit, and an arrangement is then subsequently made, the instruction can be cancelled and the fee adjusted accordingly.

The purpose of this visit is to ascertain and understand the reason for the arrears and the customer's current financial position.

The TPA will carry out a review of the customer's financial circumstances, including any other debts, conducting a full Income and Expenditure assessment before recommending an arrangement. The TPA will also gather information regarding employment status, details of the property i.e. condition, estimated market value, occupancy etc. and any sensitive or potentially vulnerable circumstances. The TPA will then forward a full report to CCFS including any proposals made by the customer and supporting evidence. A minimum of 3 visits will be made in order to establish contact.

Subsequent TPA visits may also be instructed when deemed appropriate by the Collections Manager. At the point of enforcing a possession order a TPA may be instructed to carry out a pre-eviction visit. The purpose of this is to continue attempts at making contact with the customer, to resolve the situation, and also to ascertain any issues with the property i.e. unauthorised tenants, communal door, condition of property, pets or livestock, access issues, sensitive circumstances etc.

If an account is referred to the Collections Manager for review it may also be deemed relevant for a senior member of the Collections Team to conduct a personal visit to the customer at either the security or correspondence address.

8. Arrangements

In the event that the customer cannot repay the full arrears outstanding, reasonable efforts will be made to agree an arrangement with the customer to repay the debt. The aim of the arrangement is to pay an additional amount over and above the contractual monthly payment therefore reducing the arrears balance over a reasonably agreed period of time.

Any money received from the customer will first be used to clear missed payments with charges being left to a later date.

An arrangement will be agreed once all circumstances have been taken into account, and it has been established that it is both affordable and sustainable. An Income and Expenditure assessment may be undertaken by a TPA visit, telephone or by written correspondence, using the Common Financial Statement. This ensures that any arrangement made is affordable to the customer based on their overall financial circumstances

CCFS also has the ability by way of Call Credit to use up to date credit data to validate the information provided; challenging where necessary.

CCFS will adopt a reasonable approach to the length of time over which the arrears will be repaid depending on the circumstances of individual customers, and in some instances, consideration will be given to this being over the remaining term of the mortgage. This may be appropriate where the customer can only afford to pay a small amount each month off the arrears.

CCFS will consider, as a minimum, whether it is appropriate to agree one of the arrangements set out below and make customers aware of the existence of any applicable government schemes to assist customers in payment difficulties. At all times the individual circumstances of the customer will be taken into account.

This will be done in each case throughout the discussion process with customers and in particular, each appropriate option will have been considered before possession is sought.

Payment arrangements fall into five main categories:

1. Contractual Monthly Subscription (CMS) plus additional payment to repay outstanding arrears;
2. CMS only;
3. DWP payments plus shortfall;
4. Lump Sum by a set date, and
5. Concessional payment.

8.1. CMS plus additional payment to repay outstanding arrears

Where the customer cannot clear the arrears in one payment, where possible a payment arrangement will be agreed to clear the arrears over a reasonable period of time by maintaining the CMS and an agreed additional payment each month.

It is important that any arrangement agreed is affordable to a customer therefore the collector will take into account the full circumstances surrounding the customer's situation, to include, but not limited to, payment history, previous arrangements, level of contact, product and previous history of the account.

8.2. CMS Only

Where a customer cannot clear the arrears, and can only afford to pay their current CMS, this type of arrangement can be considered and will be reviewed after a period of 4 months.

Following the initial 4 month period, if the customer is still unable to make additional payments an extension may be considered.

8.3. DWP plus Shortfall

In cases where the DWP make interest contributions toward the customer's account, it remains the customer's responsibility to maintain any shortfall between the CMS and DWP payment, and additional payments toward the outstanding arrears.

8.4. Lump Sum Payment

This arrangement type is used when a customer has agreed to pay a set amount by a set date, and is usually independent of the CMS. The payment is usually expected within 28 days.

8.5. Concessional Payment

A concessional payment is defined as any agreed payment that is less than the expected CMS.

Concessional payments will be granted in appropriate circumstances, e.g. terminal/critical illness or death of one of the parties to the mortgage, or if there are other exceptional circumstances which are due to change and mean a customer's short term cash flow is causing them an issue.

At the end of the concession the customer will be expected to resume paying their CMS and any shortfall will be treated as arrears. An arrangement to repay any shortfall/arrears will need to be agreed, which is affordable to the customer.

8.6. All Arrangements

When an arrangement has been agreed with a customer, adequate information about the terms of this arrangement will be set out in writing to help the customer understand the implications of the arrangement. The customer will be given a reasonable period of time to consider the proposal and have a right to change their mind. They will also be encouraged to obtain free independent debt or financial advice.

The letter confirming the terms of the arrangement will include:

- amounts and dates payable;
- payment method, and
- consequences of not maintaining the arrangement.

If a customer's proposals are not acceptable, resulting in the arrangement being declined, a letter will be sent confirming:

- details of the proposals;
- the reason the arrangement has been declined, and
- next steps.

Should any arrangements fall outside of a collector's mandate; these will be reviewed by their Team Leader and above, subject to the applicable mandates. Arrangements are agreed based on a customer's individual circumstances and following an income and expenditure assessment. Arrangements are reviewed periodically where necessary. Possession proceedings will not start until the Collections Manager has concluded that no arrangement is likely to succeed.

Where the product allows, CCFS will consider agreeing a change to the due date and/or payment method where it is more convenient for the customer.

Whilst Direct Debit is the preferred method of payment, where customers have a valid reason not to pay by this method, they are encouraged to contact the Collections Team direct to discuss this and agree an alternate method of payment.

If CCFS is unable to consider a change to the contractual due date, if a customer cannot pay on the payment due date, alternate payment dates can be arranged, as long as it is within the same calendar month; this will be set up by using an alternate due date or as a formal arrangement on the Collections System.

In the case of an arrangement being broken, a letter will be sent to the customer informing them of the broken promise and telephone contact with the customer(s) will be attempted to establish the reason for the payment not being paid as agreed. The letter will inform the customer that a

possession claim may be commenced if the arrangement is not brought up to date within 15 business days.

In the instance that the DWP are making Support for Mortgage Interest (SMI) payments to an account and there is a shortfall, the customer will be encouraged, after an Income and Expenditure assessment, to make up the shortfall payment. If the customer is unable to maintain the shortfall payment then the account will be reviewed on a monthly basis and individually assessed as to the next course of action or an appropriate forbearance arrangement may be agreed dependant on the specifics of the account.

Where a customer has taken out mortgage protection insurance (MPI) details of the policy will be requested, to include the amount of cover in place, the length of time the cover is eligible for and any exclusion periods. Should the MPI fail to cover the current CMS, the customer will be encouraged to make up the shortfall once an Income and Expenditure assessment has been carried out. If it is not feasible for the customer to do this, then the account will be individually reviewed and assessed before any action is taken, and a concessional arrangement may be agreed.

9. Loan Modification

There are certain circumstances under which a customer may request a loan modification or concession. If it is established that a loan modification may be a remedy for the arrears, the account will be referred to the Collections Manager.

Before any modification/concession is considered, a full assessment of the customer's circumstances must be conducted to establish:

- the reason for the arrears;
- their current circumstances;
- the short, medium and long term outlook and potential for future recovery and repayment of the arrears;
- income and expenditure, and
- affordability.

It may also be necessary to obtain up to date call credit information, bank statements and a valuation of the property before being able to consider any such requests.

The Collector will discuss all the available options with the customer in order to agree the most appropriate option.

If any modification request is declined, the rationale for the decision will be recorded on the account record and the customer notified in writing confirming the reason for the refusal.

9.1. Capitalisation of Arrears

Capitalising the arrears means adding the arrears balance to the total capital balance outstanding on the mortgage/loan and recalculating the CMS. The amount of the arrears will be repaid over the remaining term and, as a result, this will increase the amount of interest paid and the CMS for the remaining term.

Capitalisation is provided selectively to those cases where the recovery of historical arrears or monies due under the contract is not possible and capitalisation is the only option realistically available to assist the customer.

This type of modification may be appropriate where the customer has demonstrated a sustained ability, intent and track record (for a period of at least 12 months) to pay their CMS and the affordability assessment demonstrates the revised monthly payments can be maintained over the term of the mortgage.

Arrears will not automatically be capitalised; and arrears on the account must not have been capitalised previously. The customer(s) will receive a letter making them aware of the overall impact of the change, including the additional interest that would be charged over the term of the mortgage. All parties to the mortgage will need to sign to accept the impact of capitalisation before any changes are made.

9.2. Term Extension

The option to extend the term is only appropriate for customers with a repayment mortgage; this would be of no benefit to a customer on an interest only mortgage as their payments would not change.

A term extension on a repayment mortgage will reduce the customer's CMS but will increase the length of time over which they will be repaying and the total amount repayable over the term will increase. However, this type of modification may be appropriate where the reduced CMS suits the customer's current financial circumstances.

An affordability assessment will be carried out based on the current payment rate and, where appropriate, any known or expected changes including retirement will be considered, with a view to ensuring where possible the repayments will be sustainable over the life of the mortgage.

Where the term is extended during a period of temporary financial stress, a review and follow up process will be put in place to support the recovery of the account back on to a shorter term, subject to the individual circumstances of the customer, once the period of financial stress has ended.

9.3. Conversion to Interest Only

The option to convert to interest only terms, either permanently or temporarily, may be appropriate for customers during periods of financial stress. Clearly this would only be applicable to customers whose mortgage is currently on a full repayment or part repayment type as the conversion would provide a reduction in the customer's monthly payment, giving them the opportunity to manage their current financial circumstances. However, the customer's circumstances will need to be assessed to determine whether it is appropriate to use this type of forbearance to avoid the mortgage moving into a long term non-sustainable position.

9.4. Permanent Conversion

Conversion to interest only will reduce the customer's CMS but their payment will only cover the interest owed; should the customer convert to this repayment method permanently, the outstanding balance will need to be repaid at the end of the term. In these circumstances, the customer will need to be able to provide CCFS with sufficient evidence to assess that a credible capital repayment strategy is in place and that they can afford the interest only repayment plus the cost of the proposed repayment strategy, taking into account any known future changes to the customer's personal financial circumstances (such as retirement).

Customers considering this option will be asked to seek independent financial advice as to whether this is suitable for them and to determine how they will repay the capital balance at the end of the term.

9.5. Temporary Conversion

Where a temporary conversion to interest only is being considered, to support a period of financial stress, if affordability allows for repayment above the interest only element, a different forbearance approach will be considered to maximise repayments and minimise the longer-term impact on the customer.

An active review process will be put in place to work with the customer to transfer the mortgage back on to sustainable repayment terms within a reasonable timeframe that is appropriate to the customer's individual circumstances.

Where it is apparent the period of financial stress is long term, the process of review and extension of forbearance facilities will be provided appropriately to ensure that the customer is fully supported. At the same time, returning the mortgage back to a sustainable position will remain the key goal to minimise the long-term risk of home loss.

9.6. Payment Holiday

In some circumstances it may be appropriate to consider a payment holiday, whereby payments due are suspended for a period of time, although interest will still be charged. This approach will be adopted where it is clear the customer has a lack of affordability in the short term, but is taking steps to address matters. An active review process will be put in place to work with the customer to transfer the mortgage back on to sustainable repayment terms within a reasonable time frame that is appropriate to the customer's individual circumstances.

At the end of the term the payment will be recalculated to include the underpaid amount over the remaining term.

10. Vulnerable Customers

During discussions with customers or third parties that have authority to deal with the account, CCFS may identify that the customer may be deemed vulnerable or have sensitive issues; these could fall into the following categories (although the list is not exhaustive):

- serious illness;
- terminal illness;
- other disability;
- mental health issues;
- threats of suicide;
- elderly and infirm;
- immediate family bereavement;
- addiction;
- language barrier, or
- customers in the public eye.

Any of the above scenarios could impact on a customer's financial ability to pay; these cases will be assessed individually, treated sensitively and may be assigned a case manager. It may be necessary to ask for medical evidence from a health authority/GP before a decision can be made on the course of action required.

Customers will always be asked for their express permission to record this information on their file for others to have access to; this will be clearly detailed in the contact logs and also on the

vulnerability section on the servicing system. Information regarding how such details will be used will also be explained.

In some cases, where authority has been obtained from the customer it may be necessary to liaise with a professional body/carers/Attorney/Receiver or an independent person who is able to act on their behalf. These accounts may be removed from Collections strategy for manual reviews.

CCFS will ensure that all team members have appropriate training to deal with these cases in order to treat customers sympathetically and show empathy whilst ultimately still trying to bring the account back on to sustainable terms.

For customers with mental health problems CCFS will give consideration to the guidance provided by the Money Advice Liaison Group. The Debt & Mental Health Evidence Form (DMHEF), along with the appropriate Consent Form, may be sent out to an appropriate health or social care professional who can provide information in a clear, relevant and comprehensive standard format, as appropriate to each given situation.

Communications can be tailored to deal with customers who may have visual or hearing impairments.

Where sensitive circumstances exist, details will be prominent on the servicing systems ensuring the account is dealt with sensitively, and where necessary, the Collections Manager will be kept informed at all times.

11. Legal proceedings

Despite all reasonable attempts made to resolve the situation with a customer, there are occasions when litigation action is the only course of action that is appropriate, with the aim being to secure a possession order.

Examples being, but not limited to:

- No response to letters, calls and TPA visits.
- Persistent failure to maintain payment arrangements.
- Previous legal action has been adjourned, with arrears being cleared/reduced, but payment subsequently not maintained.
- Deceased, sole named account with Personal Representative not being responsive to letters and calls over a prolonged period of time, with no clear evidence as to how the account is to be redeemed.
- Term expiry with lack of cooperation with customer to enter dialogue as to how the mortgage is to be redeemed.

Litigation action should be considered at the earliest appropriate opportunity to prevent further unnecessary financial loss to the customer, unless there are other circumstances which mean that proceedings are not appropriate in line with the requirements of the Mortgage Possession Pre-Action Protocol (or its Scottish equivalent) and taking into account the principles of TCF.

CCFS will consider not starting proceedings where the customer has made a genuine complaint to the Financial Ombudsman Service (FOS) about the potential possession claim. If CCFS decides to proceed without waiting for a decision from FOS, this will be explained in writing to the customer.

Other circumstances where proceedings may not be commenced are listed below, although this list is not exhaustive:

- Property being actively marketed and dialogue with the customer is positive and ongoing – [this could be irrelevant of the equity position].
- Cases whereby vulnerability is evident, typically terminal illness, and proceedings are considered inappropriate.
Deceased cases where there is constructive contact with Personal Representatives as to the way forwards.

CCFS endeavours to continue to try and make contact with or maintain contact with customers throughout the legal proceedings process to ensure that customers are fully aware of the next steps and the implications of an increasing arrears position. CCFS aims to ensure that customers have the opportunity to make payment to either clear the arrears or reduce them to a level where proceedings would not be continued. In addition, if contact is made and arrears are not cleared in full, where appropriate agents will look to discuss any arrangement to pay proposals [which could be secured through the courts].

Court Orders will not be used as a means of ‘disciplining’ customers to keep to existing arrangements, or as a means of gaining contact with the customer. They are considered to be the next step to try and reach a reasonable solution, with a view to avoiding repossession.

A decision to take steps to repossess a customer’s property cannot be taken without the specific authority of a Team Manager or above, who will review the case to be satisfied that this course of action is a last resort and all other options have been considered and exhausted.

12. Court Order Monitoring

CCFS continues to maintain contact after an order is granted, whether suspended or outright, and will endeavour to come to an arrangement with the customer up to the point of repossession, which will only take place as a last resort, where the customer has been unable to maintain the payments, an arrangement could not be made, the customer is unwilling to maintain payments, or contact could not be made with the customer.

Prior to an eviction, CCFS will issue the customer with a written update of all information prescribed by MCOB, including the action that will be taken with regard to repossession and they will be informed to contact their local authority to establish whether they are eligible for re-housing.

Where it is identified at a late stage that there are tenants in the property the solicitors acting for CCFS will ensure that the requirements of the Mortgage Repossessions (Protection of Tenants etc.) Act 2010 are complied with.

If repossession has taken place the solicitor dealing with the litigation on behalf of CCFS will instruct an Asset Manager who will maintain contact with the customer to ensure they are aware of developments that are likely to affect them at all times; this will be overseen by CCFS to ensure there is a strong relationship between the Asset Manager and the solicitor.

Possession of a property may be obtained in three ways:

- by Court Order;
- by Voluntary Surrender, or
- by Abandonment.

13. Buy To Let Mortgages

Where the mortgage is a Buy To Let (BTL) account CCFS will adopt the same approach to early arrears as a residential mortgage, in terms of issuing letters, making calls and sending SMS text messages, with a view to making an arrangement with the customer to repay the arrears. This includes instructing TPAs to visit the correspondence address, to try and establish contact, and the security address to establish occupancy and gather the following information:

- Ascertain the names of the people living at the property.
- Obtain details of the tenancy agreement, (including providing a copy of the agreement if possible).
- Ascertain the letting agent's details (address, contact numbers, name if an individual or name of Company letting).
- Provide details as to the condition of the property, whether it is for sale, and an estimate of its value.
- Obtain contact details of our customer.

Where there is no contact, or an arrangement fails, a Formal Demand will be issued, followed by a letter informing the customer that a Law of Property Act Receiver (Receiver) will be instructed within 14 days, the implications of this action and the fees that could be incurred.

Where receivership is contemplated, careful consideration will be given as to whether it is the most appropriate resolution. Use of a Receiver will not be automatic following a Formal Demand, as it will depend on who is occupying the property. The case will be referred to the Collections Manager for approval, for guidance on next steps to be taken. Note that there is no equivalent of a Law of Property Act Receiver in Scotland.

Although appointed by CCFS the Receiver acts as the agent for the customer, any existing tenancy (whether authorised or not) will be binding upon the Receiver, even if it is in breach of the terms of the mortgage, since the Receiver is the agent for the customer.

Once appointed the Receiver will confirm the validity of the appointment by way of a letter of acceptance to the customer, tenant and CCFS.

CCFS should be sensitive to the tenant's situation, respecting the fact that as a result of the customer's actions, the tenant may lose his home.

The Receiver will carry out an assessment as to whether the net income stream from the property, after deduction of costs, is sufficient to maintain the mortgage. They will also consider the condition of the property and any potential maintenance issues. On collating further information in regards to ground rent/service charge, local rental market and property values, they will submit an Exit Strategy Report to CCFS making their recommendation as to their proposed action, which may include continuing to let and collecting rent to reduce the mortgage balance.

CCFS will decide whether or not to proceed with the LPA Receiver's recommendation.

If there are tenants in the property that neither produce nor have any evidence of a tenancy, the Receiver will commence action against those that are in occupation and seek to have them evicted. The Receiver will provide an estimate of costs of any likely legal action and this should be considered in accordance with the mandates. The customer will be advised of the intended course of action by the Receivers.

If there are tenants in the property who provide their tenancy documentation, but the rental income after costs is insufficient to maintain the mortgage, the Receiver will give consideration to serving statutory notice to vacate upon the tenant.

If the property is vacant, the Receiver may secure possession of the property and pass the property to the Asset Manager to take the vacant property into possession. Management of the account will then fall into the Asset Management process.

14. Assisted Sales

Where no reasonable payment arrangement can be agreed and the customer is actively trying to sell the property, consideration may be given to supporting them with an assisted sale, allowing them to remain in the property for a reasonable period of time to sell the property as an alternative to repossession.

CCFS will work with the customer to understand the details of the sale irrespective of whether a buyer has been found. This option will be considered even where the expected sale proceeds would be insufficient to clear the mortgage/loan as this would be preferable to eviction.

15. Marketing of the Property

Once the property is in possession, the Asset Manager will obtain 3 independent valuations. An estate agent will then be instructed who will prepare all sale particulars including a marketing strategy and the recommended asking price.

The initial market price will usually be agreed by CCFS taking into account the established valuation (EV) being the average of the professional valuations carried out, and the views of local estate agents. Consideration will be given to the number of other properties for sale at the same price in the same location and the general market conditions. If there are issues for a particular area an alternative marketing strategy may be appropriate.

CCFS will review the sales particulars and any internet advertising to ensure that the property is being appropriately marketed with a view to achieving the best price.

If after 12 weeks, the property remains un-sold, the Asset Manager may be instructed to carry out an assessment by obtaining a new valuation report carried out by a different panel valuer from that used at possession, 2 auction house appraisals and a new appraisal of the property from a different estate agent.

The Asset Manager may recommend whether a further price adjustment is appropriate, if the property should be placed into an auction, if any incentive could be offered to induce an offer or if any further repairs or improvements should be considered to improve marketability. CCFS will look to obtain the best price taking account of factors such as market conditions as well as the continuing increase in the amount owed by the customer.

Once the property has been sold, where the proceeds of the sale are less than the debt at redemption, the solicitor completing the sale will be required to inform the customer in writing within 28 days of completion. Arrangements can be made with the customer to repay the outstanding debt; this can consist of full and final settlement, payment arrangement or a charging order if applicable.

Should there be a surplus at redemption (once all costs etc. have been debited) and no further charges exist, the funds will then be returned to the customer. Where a property has been

- **Repossession Charges** - The account will continue to accrue interest, fees and charges whilst in possession and during the property sale process; any costs incurred will then be deducted from the sale proceeds. A completion statement will be sent to the customer's last known address within 28 days of completion.

If the customer pays by direct debit, only one direct debit rejection fee will be charged in any calendar month and if attempts to collect the payment by direct debit continue to be rejected for two consecutive months, CCFS will consider whether this method of repayment remains suitable for the customer and whether to suspend future direct debit requests to avoid customers incurring further charges. CCFS will make reasonable efforts to contact the customer to discuss whether the method of payment remains suitable.

CCFS' Tariff of Mortgage Charges is subject to regular reviews in line with regulatory and industry guidelines to ensure the fees reflect a reasonable calculation of the additional administration costs of the work undertaken. This is supported by a fees justification paper.

18. Unpaid Ground Rent and Service Charges

CCFS may be notified by the freeholder/lessor of outstanding amounts due under a lease. In order to protect the security it may be necessary to consider paying such amounts (if the customer fails to do so) and adding them to the mortgage balance.

Before considering such action, CCFS will write to the customer, making them aware of the amount outstanding and asking them to make contact with the freeholder/lessor to agree an arrangement,

They will be informed that in the absence of being advised of an unresolved dispute, CCFS may make the payment and add the amount to the mortgage balance, together with any fees incurred, which will result in additional interest being charged and a revised monthly payment to take into account the increased balance. The additional monthly payment for the amount added will be calculated on a capital and interest basis to ensure the amount is repaid within the mortgage term, unless an alternative payment plan is agreed with the customer.

For second charge loans CCFS will ask the freeholder/lessor to write to the first charge holder for payment failing which CCFS will consider making payment in the same way as detailed above.

The customer will be informed of this upon receipt of the first notification of an outstanding amount.

19. Record Keeping

CCFS will retain a record of all its dealings with customers that are in arrears or who have a sale shortfall. The record will include a recording of all telephone conversations between CCFS and the customers, which discuss the sums due and will record the justification for a decision to offer a particular option. Computer notes will be an accurate reflection of the original information provided; and not subject to unauthorised alteration.

The records will be retained for three years from the date of the dealing.

20. Management Information

A management information pack is circulated on a monthly basis to the CCFS Senior Management, which includes a qualitative analysis of key issues by means of an Executive Summary.

The pack covers:

- Special Servicing MI (e.g. number of accounts and balances);
- Complaints;
- TCF MI with qualitative measures to demonstrate that CCFS is treating customers fairly;
- quality control (e.g. monitoring of third party suppliers against contractual obligations), and
- use of forbearance options.

The pack is reviewed on a monthly basis where any key issues/trends identified are discussed and actions agreed for any changes to process or procedures. .

SCHEDULE 3

SERVICER REPORT

PART 1

MONTHLY SERVICER REPORT

Principal Collections for Calculation Period

Opening Principal
Total principal receipts
 of which scheduled
 of which prepayment
Principal Losses
Total Principal Recoveries
Any Payment Pursuant to any Insurance Policy
Repurchase Proceeds of any loan by the Seller
Calculated Closing Balance

PRECISE MORTGAGE FUNDING 2018-2B PLC

Pool Information

Original Number of loans
Number of Loans redeemed in Period
Number of Loans redeemed Cumulative
Total Current Number of Loans

Pay Rate Data

Total
No. of Loans Paying => Monthly CMS
No. of Loans Paying => 75% CMS
No. of Loans Paying < 75% CMS
No.of Loans that Made No Payment
Total

Performing Principal Balance as a % of the Original Principal Balance*
Performing Principal Balance as a % of the Outstanding Principal Balance*

1 to 2 Months

No. of Loans Paying => Monthly CMS
No. of Loans Paying => 75% CMS
No. of Loans Paying < 75% CMS
No.of Loans that Made No Payment
Total

% Original principal balance
% Outstanding principal balance

2 to 3 Months

No. of Loans Paying => Monthly CMS
No. of Loans Paying => 75% CMS
No. of Loans Paying < 75% CMS
No.of Loans that Made No Payment
Total

% Original principal balance
% Outstanding principal balance

3 to 4 Months

No. of Loans Paying => Monthly CMS
No. of Loans Paying => 75% CMS
No. of Loans Paying < 75% CMS
No.of Loans that Made No Payment
Total

% Original principal balance
% Outstanding principal balance

4+ Months

No. of Loans Paying => Monthly CMS
No. of Loans Paying => 75% CMS
No. of Loans Paying < 75% CMS
No.of Loans that Made No Payment
Total

% Original principal balance
% Outstanding principal balance

* Performing Principal Balance refers to the Loans that have paid an amount equal to at least their monthly CMS

This Period				Last Period			
No.	Principal Balance	Arrears	%	No.	Principal Balance	Arrears	%

PART 2

QUARTERLY SERVICER REPORT

PRECISE MORTGAGE FUNDING 2018-2B plc

Issuer General Account Cut-Off Date:
Calculation Period:

Revenue Collections for Calculation Period
Total interest receipts
Total fees
Total expenses
Total ERC
Total Revenue Recoveries
Less : Third Party Amounts Paid

Principal Collections for Calculation Period
Opening Principal
Total principal receipts
 of which scheduled
 of which prepayment
Principal Losses
Total Principal Recoveries
Any Payment Pursuant to any Insurance Policy
Repurchase Proceeds of any loan by the Seller
Calculated Closing Balance

Pool Information
Original Number of loans
Number of Loans redeemed in Period
Number of Loans redeemed Cumulative
Total Current Number of Loans

Repossessions
Number of repossessions this Quarter
Number of LPA's this Quarter
Repossessions cured
Total number of properties unsold
Principal balance unsold
Principal balance cured
% Original principal balance
% Outstanding principal balance
Value of properties repossessed this Quarter
Cumulative value of properties repossessed since close

This Period	Last Period
-------------	-------------

Sales of Repossessions
Total number of repossessions sold since close
Total value of property sold
Number of properties sold this Quarter
Value of property sold this Quarter

This Period		Last Period	
Current Balance	Principal Balance	Current Balance	Principal Balance
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-

Cumulative loss on sale
Cumulative loss on sale % of original principal balance
Cumulative redemption shortfalls incurred
Period principal losses
Cumulative principal losses
Total principal losses as a % of original balance

This Period	Last Period
Principal Balance	Principal Balance
-	-
-	-
-	-
-	-
-	-

Other Losses
Cumulative ERC losses incurred
Cumulative Fee losses incurred
Cumulative Expense losses incurred

Pay Rate Data
Total
No. of Loans Paying => Monthly CMS
No. of Loans Paying => 75% CMS
No. of Loans Paying < 75% CMS
No.of Loans that Made No Payment
Total

This Period				Last Period			
No.	Principal Balance	Arrears	%	No.	Principal Balance	Arrears	%

Performing Principal Balance as a % of the Original Principal Balance*
Performing Principal Balance as a % of the Outstanding Principal Balance*

1 to 2 Months
No. of Loans Paying => Monthly CMS
No. of Loans Paying => 75% CMS
No. of Loans Paying < 75% CMS
No.of Loans that Made No Payment
Total

Value of Arrears Cases as a % of the Original Principal Balance
Value of Arrears Cases as a % of the Outstanding Principal Balance

2 to 3 Months
No. of Loans Paying => Monthly CMS
No. of Loans Paying => 75% CMS
No. of Loans Paying < 75% CMS
No.of Loans that Made No Payment
Total

Value of Arrears Cases as a % of the Original Principal Balance
Value of Arrears Cases as a % of the Outstanding Principal Balance

3 to 4 months
No. of Loans Paying => Monthly CMS
No. of Loans Paying => 75% CMS
No. of Loans Paying < 75% CMS
No.of Loans that Made No Payment
Total

Value of Arrears Cases as a % of the Original Principal Balance
Value of Arrears Cases as a % of the Outstanding Principal Balance

4+ Months
No. of Loans Paying => Monthly CMS
No. of Loans Paying => 75% CMS
No. of Loans Paying < 75% CMS
No.of Loans that Made No Payment
Total

Value of Arrears Cases as a % of the Original Principal Balance
Value of Arrears Cases as a % of the Outstanding Principal Balance

* Performing Principal Balance refers to the Loans that have paid an amount equal to atleast their monthly CMS

SIGNATORIES

EXECUTED and DELIVERED as a DEED by)
PRECISE MORTGAGE FUNDING 2018-2B PLC)
as Issuer)
acting by two directors)

per pro Intertrust Directors 1 Limited)

DocuSigned by:



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per pro Intertrust Directors 2 Limited)

DocuSigned by:



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EXECUTED and DELIVERED as a DEED by)
INTERTRUST MANAGEMENT LIMITED)
as Back-Up Servicer Facilitator)
acting by)

Director)

DocuSigned by:



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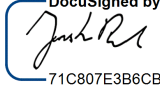
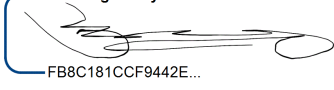
Director/Secretary)

DocuSigned by:


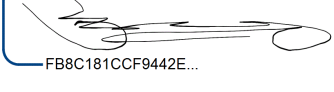


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EXECUTED and DELIVERED as a DEED by
CHARTER MORTGAGES LIMITED
Servicer and Seller
acting by two Directors

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)
)
) Director 
)
) Director 
DocuSigned by:
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DocuSigned by:
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EXECUTED and DELIVERED as a DEED by
CHARTER COURT FINANCIAL SERVICES
LIMITED
as Legal Title Holder
acting by two Directors

)
)
)
) Director 
)
) Director 
DocuSigned by:
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DocuSigned by:
FB8C181CCF9442E...

EXECUTED and **DELIVERED** as a **DEED** by)
U.S. BANK TRUSTEES LIMITED)
as Security Trustee)
acting by an attorney in the presence of:)

Attorney  DocuSigned by:
DC6C9BA274624CD...

Signature of witness:  DocuSigned by:
JAMES PREUSS
#DCBF6249F5441F...

Name of witness:

Address:

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