

**24 September 2018**  
**(as amended and restated on 25 February 2022)**

**Signed for the purposes of identification only by:**

**FRESHFIELDS BRUCKHAUS DERINGER LLP**

**CLIFFORD CHANCE LLP**

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**MASTER DEFINITIONS AND  
CONSTRUCTION SCHEDULE**

**in relation to the issuance of:**

**US\$557,895,000 Class A1 Mortgage Backed  
Floating Rate Notes due 2060**

**£409,935,000 Class A2 Mortgage Backed Floating  
Rate Notes due 2060**

**£441,684,000 Class A3 Mortgage Backed Floating  
Rate Notes due 2060**

**£49,956,000 Class M Mortgage Backed Floating  
Rate Notes due 2060**

**£99,911,000 Class Z Mortgage Backed Fixed  
Rate Notes due 2060**

**by Gosforth Funding 2018-1 plc**

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**THIS MASTER DEFINITIONS AND CONSTRUCTION SCHEDULE** has effect on and from 24 September 2018 and is amended and restated on 25 February 2022 and is signed for the purposes of identification

**BY:**

- (1) **CLIFFORD CHANCE LLP;** and
- (2) **FRESHFIELDS BRUCKHAUS DERINGER LLP.**

## **1. DEFINITIONS**

Words and expressions used in the Transaction Documents shall unless otherwise defined in such Transaction Documents, have the same meanings set out in this Master Definitions and Construction Schedule except so far as the context requires otherwise.

**17g-5 Information** means any and all notices, certificates, reports, determinations, requests and other information the 17g-5 Information Provider receives from time to time from any of the Transaction Parties required to be posted to the 17g-5 Information Provider's Website in accordance with paragraphs (a)(3)(iii)(C) through to (E) of Rule 17g-5;

**17g-5 Information Provider** means Clydesdale in its capacity as 17g-5 information provider;

**17g-5 Information Provider Termination Event** has the meaning given to it in clause 17.6 of the Administration Agreement;

**17g-5 Information Provider's Website** means the internet website of the 17g-5 Information Provider, initially located at [www.structuredfn.com](http://www.structuredfn.com), access to which is limited to NRSROs who have provided an NRSRO Certification to the 17g-5 Information Provider;

**17g-5 Process** means the process by which, following delivery of any information (which must be in electronic form) to the 17g-5 Information Provider, the 17g-5 Information Provider promptly posts such information to the 17g-5 Information Provider's website and subsequently provides such information to the Rating Agencies within two Business Days following the delivery of the same to the 17g-5 Information Provider;

**17g-5 Services** means the services to be provided by the 17g-5 Information Provider set out in the Administration Agreement;

**1925 Act** means the Law of Property Act 1925;

**1999 Regulations** means the Unfair Terms in Consumer Contracts Regulations 1999;

**2010 Act** means the Home Owner and Debtor Protection (Scotland) Act 2010;

**24 hours** has the meaning specified in paragraph 1 of Schedule 4 (*Provisions for Meetings of Noteholders*) to the Trust Deed;

**3 month US\$ LIBOR** has the meaning given to it in Condition 4(C) (*Rate of Interest*);

**48 hours** has the meaning specified in paragraph 1 of Schedule 4 (*Provisions for Meetings of Noteholders*) to the Trust Deed;

**£, sterling or Sterling** means the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland;

**Abridged Monthly Portfolio Report** means a monthly electronic data file provided by the Administrator in relation to the Portfolio containing, *inter alia*, certain loan level information;

**Accession Undertaking** means a form of deed of accession to the Deed of Charge substantially in the form set out in Schedule 4 (*Form of Accession Undertaking*) to the Deed of Charge;

**Account Bank Agreements** means each of the following account bank agreements:

- (a) the First Account Bank Agreement; and
- (b) the Second Account Bank Agreement;

**Account Bank Required Rating** means:

- (a) in the case of an Issuer Account Bank, (i) either a short-term issuer default rating of at least F1 or a long-term issuer default rating of at least A by Fitch; and (ii) a short-term bank deposit rating of at least P-1 and a long-term bank deposits rating of at least A3 by Moody's; and
- (b) in the case of a Mortgages Trustee Account Bank or an Issuer Swap Collateral Account Bank, (i) either a short-term issuer default rating of at least F1 or a long-term issuer default rating of at least A by Fitch; and (ii) a long-term bank deposits rating of at least A3 by Moody's,

or such other lower short-term or long-term rating by the relevant Rating Agency which the relevant Rating Agency (at its discretion) confirms as sufficient in order to maintain the then current rating of the Rated Notes;

**Account Banks** means the Mortgages Trustee Account Banks and the Issuer Account Banks;

**Account Mandate** means each of the Issuer Transaction Account Mandate and the Mortgages Trustee Transaction Account Mandate;

**Actual Class A Subordination Percentage** means, on each Payment Calculation Date, the quotient (rounded to the nearest two decimal places) of (a) the aggregate Principal Amount Outstanding of the Class M Notes and the Class Z Notes and (b) the aggregate of the GBP Equivalent of the Principal Amount Outstanding of the Class A Notes, the Class M Notes and the Class Z Notes, in each case, that will be outstanding on the immediately succeeding Payment Date following the application of any Issuer Available Principal

Receipts in or towards the redemption of such Notes (as calculated by the Issuer Cash Manager);

**Administration Agreement** means the administration agreement entered into on or about the Closing Date, between the Administrator, the Issuer Cash Manager, the Seller, the Mortgages Trustee, the Issuer, the 17g-5 Information Provider, the Back-Up Administrator Facilitator and the Security Trustee;

**Administration Data** means the Mortgage Loan Files kept (or duplicated) in a computerised and/or other form of electronic data retrieval format;

**Administration Procedures** means:

- (a) the administration, arrears and enforcement policies and procedures forming part of the Seller's mortgage origination, lending and underwriting, administration, arrears and enforcement policies and procedures applied by Clydesdale from time to time to mortgage loans and the security for their repayment, and
- (b) if the Administrator is not Clydesdale, the policies and procedures from time to time which would be adopted by a reasonable, prudent mortgage lender;

**Administration Services** or **Services** means the services to be provided by the Administrator set out in the Administration Agreement including in Schedule 1 (*The Services*) thereto;

**Administrator** means Clydesdale, or such other person for the time being acting as administrator under the Administration Agreement, including any successor Administrator appointed in accordance with the terms thereof;

**Administrator Portfolio Information** means, with respect to any Trust Calculation Date, the information provided by the Administrator in respect of the Portfolio (in a form to be agreed between the parties to the Administration Agreement) for the previous Trust Calculation Period which is necessary for the Trust Property Cash Manager to calculate the amounts to be paid to the Seller and the Issuer under the Mortgages Trustee Revenue Priority of Payments and the Mortgages Trustee Principal Priority of Payments on the immediately following Distribution Date;

**Administrator Termination Event** has the meaning specified in clause 18 (*Termination*) of the Administration Agreement;

**Advice** means the regulated activity of advising on regulated mortgage contracts as specified in article 53A of the Financial Services and Markets Act 2000 (Regulated Activities Order) 2001;

**Affiliate** means, in relation to any company, a subsidiary of that company, a holding company of that person or any other subsidiary of that holding company;

**Agent Bank** means Citibank, N.A., London Branch, acting through its office at Citigroup Centre, Canada Square, London E14 5LB, initially appointed

pursuant to the Paying Agent and Agent Bank Agreement or, if applicable, any successor agent bank at its Specified Office;

**Agents** means the Paying Agents, the Registrar, the Transfer Agent and the Agent Bank initially appointed pursuant to the Paying Agent and Agent Bank Agreement, or, if applicable, any successor agents at their Specified Offices and **Agent** means any of the Agents;

**AIFMR** means Regulation (EU) No. 231/2013, known as the Alternative Investment Fund Managers Regulation 2013;

**All Monies Mortgage** means a Mortgage that purports to secure the repayment of Associated Debt as well as the relevant Mortgage Loan;

**All Monies Mortgage Consideration** means the enforcement proceeds of an All Monies Mortgage distributed to the Seller pursuant to clause 10.2(a)(ii) of the Mortgage Sale Agreement;

**All Monies Mortgage Enforcement Proceeds Ledger** means the ledger referred to in paragraph 15 (*All Monies Mortgage Enforcement Proceeds Ledger*) of Schedule 2 (*Cash Management and Maintenance of Ledgers*) of the Trust Property Cash Management Agreement;

**All Monies Mortgage Trust** means the trust over the All Monies Mortgage Trust Property held by the All Monies Mortgage Trustee declared pursuant to clause 10.1 (*Declaration of All Monies Trust*) of the Mortgage Sale Agreement;

**All Monies Mortgage Trust Beneficiaries** means the Seller in respect of any Associated Debt and the Mortgages Trustee in its capacity as trustee of the Mortgages Trust;

**All Monies Mortgage Trust Property** means the proceeds of enforcement of the All Monies Mortgages;

**All Monies Mortgage Trustee** has the meaning given to it in clause 10.1 (*Declaration of All Monies Trust*) of the Mortgage Sale Agreement;

**Alternative Insurance Requirements** means the Seller's standard document entitled Alternative Insurance Requirements, and any other document containing similar recommendations or requirements which is sent to Borrowers in accordance with the Administration Procedures;

**Appointee** means any attorney, manager, agent, delegate, Receiver, nominee, custodian, co-trustee or other person properly appointed by the Note Trustee under the Trust Deed or by the Security Trustee under the Deed of Charge (as applicable) to discharge any of its functions;

**Appropriate Exchange Rate** means the rate of translation referred to in either sections 10(2) and (3) or sections 11(2) and (3) of the CTA 2010 (as applicable);

**Arrangers** means Lloyds Bank Corporate Markets plc and Merrill Lynch International;

**Assigned Rights** means in relation to any Mortgage Loan, all estates, rights, title, interest and benefit of the Mortgages Trustee and the Beneficiaries in and to the relevant Mortgage Loan and any Related Security, which has been assigned to the Mortgages Trustee under or pursuant to the Mortgage Sale Agreement;

**Associated Debt** means the indebtedness a Borrower owes or may owe to the Seller from time to time which is not a Mortgage Loan;

**Auditors** means PricewaterhouseCoopers LLP of 7 More London Riverside, London, SE1 2RT or such other internationally recognised independent firm of auditors selected and appointed from time to time by the Issuer or the Mortgages Trustee as the case may be;

**Authorised Denomination** means:

- (a) in respect of any Sterling Note, £100,000 and increments of £1,000 thereafter; and
- (b) in respect of any US\$ Note, \$200,000 and increments of \$1,000 thereafter.

**Authorised Party** has the meaning given to that term in clause 4.1 of the Swap Collateral Account Bank Agreement;

**Authorised Representatives** shall mean the persons set out in Schedule 1 (*Authorised Representatives*) of the Swap Collateral Account Bank Agreement, as amended pursuant to clause 5.1 of the Swap Collateral Account Bank Agreement;

**Authorised Signatory** means in relation to any party to the Transaction Documents, any person who is duly authorised and in respect of whom a certificate has been provided signed by a director or another duly authorised person of such Transaction Party setting out the name and signature of such person and confirming such person's authority to act;

**Authorised Underpayment** means amounts that have previously been overpaid by the Borrower to the Seller, which are used to fund future underpayments under its Mortgage Loan;

**Authority** means any competent regulatory, prosecuting, tax or governmental authority in any jurisdiction, domestic or foreign;

**Available Issuer Amount** has the meaning given to it at Schedule 4 (*Determination and Reconciliation*) of the Trust Property Cash Management Agreement;

**Authorities** means the Financial Conduct Authority, the Bank of England and HM Treasury;

**AVM** means the automated valuation model employed by Clydesdale for AVM Mortgage Loans;

**AVM Mortgage Loan** means a mortgage loan which at the time of origination qualified for a property valuation conducted by reference to AVM rather than a valuation obtained either from the in house Property Risk department or from an independent firm of professional valuers selected from a panel of approved valuers;

**BACS** means the Bankers' Automated Clearing System as amended or supplemented from time to time or any scheme replacing the same;

**Back-Up Administrator** has the meaning given to it in Clause 19 (*Downgrade of Administrator*) of the Administration Agreement;

**Back-Up Administrator Facilitator** means Law Debenture Corporate Services Limited acting in such capacity or any successor in such capacity pursuant to the Administration Agreement;

**Back-Up Administrator Facilitator Fee Letter** means the letter dated on or about the date of the Administration Agreement setting out the fees payable to the Back-Up Administrator Facilitator by the Mortgages Trustee;

**Back-Up Issuer Cash Manager** has the meaning given to it in Clause 14 (*Downgrade of Issuer Cash Manager*) of the Issuer Cash Management Agreement;

**Back-Up Trust Property Cash Manager** has the meaning given to it in Clause 13 (*Downgrade of Trust Property Cash Manager*) of the Trust Property Cash Management Agreement;

**Bank of England Base Rate** means the base rate for the time being of the Bank of England which appears on the website located at URL, [www.bankofengland.co.uk](http://www.bankofengland.co.uk);

**Banking Act** means the Banking Act 2009;

**Base Rate Modification** has the meaning given to it in Condition 11(F) (*Additional Right of Modification*);

**Base Rate Pledge** means the guarantee by the Seller that where Mortgage Loans are eligible to be charged at or based on the Standard Variable Rate and they are within the Base Rate Pledge Period, the actual variable gross interest rate charged on such Mortgage Loans will be the lower of the two following rates:

- (a) the Standard Variable Rate; or
- (b) the Bank of England Base Rate plus a margin which is determined by the Seller,

such variable gross interest rate to be applied as necessary within one month of a change in the Bank of England Base Rate;

**Base Rate Pledge Period** means, in relation to any Mortgage Loan having the benefit of the Base Rate Pledge, the period if any during which the Borrower may be subject to an Early Repayment Charge;



**Basic Terms Modification** means any of the following matters:

- (a) any change in the amount payable or, where applicable, any modification of the method of calculating the amount payable or any modification of the date of payment or, where applicable, of the method of calculating the date of payment in respect of any principal, premium or interest in respect of the Notes (other than any Base Rate Modification);
- (b) any alteration in the priority in which payments are made to Noteholders pursuant to any Priority of Payment;
- (c) any alteration of the quorum or majority required to pass an Extraordinary Resolution; and
- (d) any alteration of this definition;

**Basis Rate Swap** means the swap transaction entered into by the Issuer with the Basis Rate Swap Provider pursuant to the Basis Rate Swap Agreements;

**Basis Rate Swap Agreement (Fixed and Tracker)** means the ISDA master agreement, schedule, credit support annex and confirmations thereto entered into on or about the Closing Date between the Basis Rate Swap Provider and the Issuer in respect of the Fixed Rate Mortgage Loans and the Tracker Rate Mortgage Loans;

**Basis Rate Swap Agreement (Standard Variable Rate)** means the ISDA master agreement, schedule and confirmations thereto entered into on or about the Closing Date between the Basis Rate Swap Provider and the Issuer in respect of the Standard Variable Rate Mortgage Loans;

**Basis Rate Swap Agreements** means the Basis Rate Swap Agreement (Fixed and Tracker) and Basis Rate Swap Agreement (Standard Variable Rate);

**Basis Rate Swap Provider** means Clydesdale or an Affiliate of Clydesdale appointed in accordance with the terms of the Basis Rate Swap Agreements;

**Basis Rate Swap Provider Default** means the occurrence of an Event of Default (as defined in the Basis Rate Swap Agreements) where the Basis Rate Swap Provider is the Defaulting Party (as defined in the Basis Rate Swap Agreements);

**Basis Rate Swap Provider Downgrade Event** means, in respect of the Basis Rate Swap for Fixed Rate Mortgage Loans and Tracker Rate Mortgage Loans only, the occurrence of an Additional Termination Event (as defined in the Basis Rate Swap Agreements) following a failure by the Basis Rate Swap Provider to comply with the requirements of the ratings downgrade provisions set out in the Basis Rate Swap Agreements;

**Basis Rate Swap Shortfall Amount** means, in respect of any Trust Calculation Date: (a) the Net Monthly Issuer Amount in relation to such Trust Calculation Date, multiplied by (b) the Seller Share Percentage (as determined on the Trust

Calculation Date falling in the immediately preceding Trust Calculation Period or, in the case of the first Distribution Date, as of the Closing Date);

**Beneficiaries** means the Issuer and the Seller together, as beneficiaries of the Mortgages Trust and **Beneficiary** means either of them;

**Beneficiaries Deed** means the beneficiaries deed entered into on or about the Closing Date between the Issuer, the Seller and the All Monies Mortgage Trust Beneficiaries;

**Best Execution** means obtaining the best possible result for a client when executing orders as described in COBS 11.2.1 of the FCA Rules (as amended from time to time);

**Block Voting Instruction** has the meaning specified in paragraph 1 of Schedule 4 (*Provisions for Meetings of Noteholders*) to the Trust Deed;

**Book-Entry Interests** means the beneficial interests in the Global Notes representing beneficial interests in the Notes attributable thereto;

**Borrow-back** means a Cash Borrow-back and a Non-Cash Borrow-back;

**Borrow-back Ledger** means the ledger of such name to record Borrow-backs created and maintained by the Trust Property Cash Manager on behalf of the Mortgages Trustee pursuant to the Trust Property Cash Management Agreement;

**Borrower** means, in relation to each Mortgage Loan, the individuals named and defined as borrower under that Mortgage Loan or such other person or persons (other than a guarantor) who shall become legally obliged to comply with such Borrower's obligations under the related Mortgage Loan;

**Breach of Duty** in respect of the Agents, has the meaning specified in clause 14.4 (*Indemnity in Favour of the Agents*) of the Paying Agent and Agent Bank Agreement;

**Buildings Policy** means:

- (a) all buildings insurance policies relating to the freehold or heritable Mortgaged Properties which have been taken out in the name of the relevant Borrower or in the name of the Borrower and the Seller or in the name of the Borrower with the Seller's interest noted, in accordance with the applicable Mortgage Loan Conditions or the Alternative Insurance Requirements; and
- (b) all landlord's buildings insurance policies relating to leasehold or long leasehold Mortgaged Properties;

**Business Day** means:

- (a) when used with respect to the definition of Payment Calculation Date, Payment Date or in the Conditions (excluding Condition 18 (*Definitions*)) except as provided in this paragraph (a)), a day (other than a Saturday or Sunday) on which banks are generally open for

business in London and New York and, for the purpose of Condition 6(F) (*No Payment on non-Business Day*), in the case of surrender (or, in the case of part payment only, endorsement) of the Global Note or Definitive Note, any day on which banks are open for business in the place in which such Global Note or Definitive Note is surrendered (or, as the case may be, endorsed); and

- (b) when used in any other context, a day (other than a Saturday or Sunday) in respect of on which banks are generally open for business in London;

**Calculation Agent** has the meaning given to it in each Swap Agreement;

**Calculation Period** has the meaning given to it in the relevant Basis Rate Swap Agreements;

**Calculation Period Fixed Amount** means the amount calculated in accordance with the formula set out in paragraph 5.1(b) of the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. in respect of the relevant Calculation Period (as defined in the relevant Basis Rate Swap Agreements);

**Calculation Period Floating Amount** means the amount calculated in accordance with the formula set out in paragraph 6.1(a) of the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. in respect of the relevant Calculation Period (as defined in the relevant Basis Rate Swap Agreements);

**Capital Balance** means, for any Mortgage Loan at any date, the principal balance of that Mortgage Loan to which the Seller applies the relevant interest rate at which interest on that Mortgage Loan accrues;

**Capital Payment** means an overpayment by a Borrower which is intended to reduce the Capital Balance of the related Mortgage Loan;

**Cash** means any cash whether representing capital or income in any currency (whether arising out of or in connection with the Securities or otherwise) held by the Issuer Cash Swap Collateral Account Bank on behalf of the Issuer pursuant to the Swap Collateral Account Bank Agreement;

**Cash Account** means:

- (a) each of the following cash accounts:
  - (i) the sterling denominated cash account;
  - (ii) the US dollar denominated cash account; and
  - (iii) the euro denominated cash account,opened pursuant to the Swap Collateral Account Bank Agreement, each being linked to the relevant Custody Account; and

- (b) any other cash account in the name of the Issuer opened in the books of the Issuer Swap Collateral Account Banks in which Swap Collateral in the form of Cash is posted and/or Swap Collateral Income received on Collateral Securities is held;

**Cash Borrow-back** means an option available to a Borrower that allows the Borrower to request that the Seller advance some or all overpayments in respect of a Mortgage Loan that the Borrower has made subject to certain conditions;

**Cash Borrow-back Amount** means, in relation to any Cash Borrow-back, the amount advanced by the Seller to the relevant Borrower in respect of such Cash Borrow-back;

**Cash Management Services** means the Issuer Cash Management Services and the Trust Property Cash Management Services;

**Cash Managers** means the Trust Property Cash Manager and the Issuer Cash Manager;

**CCA** means the Consumer Credit Act 1974;

**CCA 2006** means the Consumer Credit Act 2006;

**Centre of Main Interests** has the meaning specified in the EU Regulation;

**Certification Date** has the meaning specified in clause 6.2(h) (*Financial Information*) of the Trust Deed;

**Chairman** means in relation to any Meeting, the individual who takes the chair in accordance with paragraph 4 (*Chairman*) of Schedule 4 of the Trust Deed (*Provisions for Meetings of Noteholders*);

**CHAPS** means the Clearing House Automated Payment System as amended or supplemented from time to time or any scheme replacing the same;

**Charged Property** means all the property of the Issuer which is subject to the Issuer Security;

**Class** shall be a reference to a Class of the Notes being the Class A Notes, the Class M Notes and the Class Z Notes, or any sub-Class of the Class A Notes, as the context may require;

**Class A Note Acceleration Notice** has the meaning given to it in Condition 9(A) (*Class A Noteholders*);

**Class A Noteholders** means the holders of the Class A Notes;

**Class A Notes** means the Class A1 Notes, the Class A2 Notes and the Class A3 Notes;

**Class A Principal Deficiency Sub-Ledger** means the sub-ledger of the Issuer Principal Deficiency Ledger corresponding to the Class A Notes issued by the Issuer;

***Class A1 Noteholders*** means the holders of the Class A1 Notes;

***Class A1 Notes*** means the Issuer's US\$557,895,000 Class A1 Mortgage Backed Floating Rate Notes due 2060;

***Class A1 Sterling Equivalent Redemption Date*** means the Payment Date on which the Sterling Equivalent Principal Amount Outstanding of the Class A1 Notes equals zero;

***Class A1 Target Amortisation Amount*** has the meaning given to it in Condition 5(B) (*Mandatory Redemption of the Notes in Part*);

***Class A2 Noteholders*** means the holders of the Class A2 Notes;

***Class A2 Notes*** means the Issuer's £409,935,000 Class A2 Mortgage Backed Floating Rate Notes due 2060;

***Class A2 Target Amortisation Amount*** has the meaning given to it in Condition 5(B) (*Mandatory Redemption of the Notes in Part*);

***Class A3 Noteholders*** means the holders of the Class A3 Notes;

***Class A3 Notes*** means the Issuer's £441,684,000 Class A3 Mortgage Backed Floating Rate Notes due 2060;

***Class M Note Acceleration Notice*** has the meaning given to it in Condition 9(B) (*Class M Noteholders*) of the Notes;

***Class M Noteholders*** means the holders of the Class M Notes;

***Class M Notes*** means the Issuer's £49,956,000 Class M mortgage backed floating rate Notes due 2060;

***Class M Residual Amount*** means such aggregate available funds (if any) referred to in Condition 4(I) (*Deferral of Interest*) available to the Issuer on any Payment Date for application in or towards the payment of interest which is due on the Class M Notes on such Payment Date;

***Class Z Note Acceleration Notice*** has the meaning given to it in Condition 9(C) (*Class Z Noteholders*) of the Notes;

***Class Z Noteholders*** means the holders of the Class Z Notes;

***Class Z Notes*** means the Issuer's £99,911,000 Class Z mortgage backed fixed rate Notes due 2060;

***Class Z Residual Amount*** means such aggregate available funds (if any) referred to in Condition 4(I) (*Deferral of Interest*) available to the Issuer on any Payment Date for application in or towards the payment of interest which is due on the Class Z Notes on such Payment Date;

***Clearing System Business Day*** means Monday to Friday inclusive, except 25 December and 1 January;

***Clearing Systems*** means Clearstream, Luxembourg, Euroclear and DTC;

**Clearstream, Luxembourg** means Clearstream Banking, *société anonyme*;

**Client Assets Sourcebook** means the CASS sourcebook as set out in the FCA Rules;

**Client Money Distribution Rules** means the client money distribution rules set out in Chapter 7A of the Client Assets Sourcebook;

**Client Money Rules** means the client money rules set out in Chapter 7 of the Client Assets Sourcebook of the FCA Rules;

**Closing Date** means 24 September 2018;

**Closing Trust Property** has the meaning given to it in clause 2.2 (*Closing Trust Property*) of the Mortgages Trust Deed;

**Clydesdale** means Clydesdale Bank plc (registered number SC001111), a public limited company incorporated under the laws of Scotland, whose registered office is at 30 St Vincent Place, Glasgow G1 2HL (as successor to Virgin Money);

**CM Reference Banks** means the principal London offices of four major banks in the London inter-bank market as agreed between the Issuer (or the Issuer Cash Manager on its behalf) and the Mortgages Trustee (or the Trust Property Cash Manager on its behalf) from time to time;

**CML Code** means the Mortgage Code issued by the Council of Mortgage Lenders;

**Collateral Securities** means any Swap Collateral in the form of Securities;

**Collection Account** means the account in the name of Clydesdale as Administrator (sort code 82-92-07, account number 4516 305510 001) held with Clydesdale Bank plc or such other additional or replacement account as may for the time being be in place;

**Collection Account Declaration of Trust** means the deed entered into on or about the Closing Date, between *inter alios* the Mortgages Trustee, the Seller and the Collection Bank whereby the Seller declared a trust over its interest in the Collection Account in favour of the Mortgages Trustee and itself or any replacement deed with a replacement collection bank appointed in accordance with the terms of the Collection Account Declaration of Trust;

**Collection Account Mandate** means the mandate relating to the Collection Account;

**Collection Account Trust** means the trust over the Collection Account Trust Property declared pursuant to the Collection Account Declaration of Trust;

**Collection Account Trust Property** means the property held on trust in the Collection Account in accordance with the Collection Account Declaration of Trust;

**Collection Bank** means Clydesdale or such other person as may be appointed as collection bank in accordance with the terms of the Collection Account Declaration of Trust;

**Collection Bank Instruction** means an Electronic Instruction or a Mandate Instruction;

**Collection Bank Shortfall** has the meaning given to it in clause 7.2 of the Collection Account Declaration of Trust;

**Collection Bank Shortfall Costs** has the meaning given to it in clause 7.2 of the Collection Account Declaration of Trust;

**Commitment** has the meaning specified in the Subordinated Loan Agreement;

**Common Depository** means a common depository for Euroclear and Clearstream, Luxembourg;

**Common Safekeeper** means an ICSD in its capacity as common safekeeper or a person nominated by the ICSDs to perform the role of common safekeeper;

**Common Service Provider** means a person nominated by the ICSDs to perform the role of common service provider;

**Companies** for the purposes of the Corporate Services Agreement, means the Mortgages Trustee, the Issuer and Holdings;

**Companies Acts** has the meaning given to it in Section 2 of the Companies Act 2006;

**Companies Registry** means the register of companies maintained by the Registrar of Companies for England and Wales;

**Compounded Daily SONIA** has the meaning given to it in Condition 4(C) (*Rates of Interest*);

**Conditions** or **Terms and Conditions** means in relation to any Notes issued by the Issuer, the terms and conditions to be endorsed on such Notes in the form or substantially in the form scheduled to the Trust Deed entered into by the Issuer with the Trustee, and any reference to a numbered Condition shall be construed accordingly;

**Contractual Currency** has the meaning given to it in clause 14.1 (*Currency and Indemnity*) of the Trust Deed;

**Corporate Action** means any corporate action event including, without limitation, any events concerning take-overs, other offers or capital reorganisations and the exercise of conversion and subscription rights relating to the Securities to which the Issuer is entitled and any other mandatory and voluntary corporate action events set out in the Issuer Securities Swap Collateral Account Bank's service level definition;

**Corporate Certificate** means, in relation to any company, a certificate duly certified as being true by two directors of such company, attaching the following:

- (a) a copy of the constitutional documents of such company;
- (b) a copy of the board resolution of such company approving the execution, delivery and performance of the Transaction Documents to which it is a party and the terms and conditions thereof, and authorising a specified person or persons to sign each such Transaction Document and any documents to be delivered by such company pursuant thereto; and
- (c) a list of the names and signatures of the persons authorised to sign, on behalf of such company, the Transaction Documents to which it is a party and any documents to be delivered by such company pursuant thereto;

**Corporate Services Agreement** means the corporate services agreement entered into on or about the Closing Date between the Corporate Services Provider, the Issuer, the Mortgages Trustee, Holdings, Clydesdale and the Share Trustee;

**Corporate Services Provider** means Law Debenture Corporate Services Limited, a company incorporated in England and Wales with limited liability (registered number 3388362) whose registered office is at 8<sup>th</sup> Floor, 100 Bishopsgate, London EC2N 4AG, or such other person for the time being acting as the corporate services provider or corporate services providers pursuant to the Corporate Services Agreement;

**CPR** or **Constant Prepayment Rate** means the rate of repayment of Principal Receipts received by the Mortgages Trustee in respect of the Trust Property during the period from and including the Closing Date to and including the last day of the immediately preceding Trust Calculation Period, expressed as a percentage rate per annum;

**CPUTRs** means the Consumer Protection from Unfair Trading Regulations 2008;

**CRA Regulations** means Regulation (EC) No 1060/2009 of the European Parliament and of Council of 16 September 2009 on credit rating agencies as amended by Regulation 462/2013 (EU);

**CRR Amending Regulation** means Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017.

**CRR** means Regulation (EU) No.575/2013, referred to as the Capital Requirements Regulation;

**Cross Border Insolvency Regulations** means the Cross Border Insolvency Regulations 2006 (SI 2006/1030);

**CTA 2009** means the Corporation Tax Act 2009;



**CTA 2010** means the Corporation Tax Act 2010;

**Currency Swap** means the swap transaction entered into between the Issuer and the Currency Swap Provider;

**Currency Swap Agreement** means the Original Currency Swap Agreement and any replacement currency swap agreement entered into by the Issuer and the Currency Swap Provider to hedge the currency exposures on the US\$ Notes;

**Currency Swap Provider** means the Original Currency Swap Provider and any replacement currency swap provider that enters into a replacement Currency Swap Agreement;

**Currency Swap Provider Default** means the occurrence of an Event of Default (as defined in the Currency Swap Agreement) where the Currency Swap Provider is the Defaulting Party (as defined in the Currency Swap Agreement);

**Currency Swap Provider Downgrade Event** means the occurrence of an Additional Termination Event (as defined in the Currency Swap Agreement) following a failure by the Currency Swap Provider to comply with the requirements of the ratings downgrade provisions set out in the Currency Swap Agreement;

**Current Balance** means in relation to a Mortgage Loan at a particular date the outstanding principal amount of such Mortgage Loan at such date (for the avoidance of doubt, as adjusted to reflect any changes to the principal amount outstanding of such Mortgage Loan due to an increase in the principal amount outstanding due to a Borrow-back or any unpaid interest in respect of an Underpayment, or a reduction to the principal amount outstanding due to repayments or overpayments, the exercise of a right of set-off (without double counting for any set-off losses which are reflected in the Denominator Reduction Amount) or any amount in respect of a Loss which has been written off by the Administrator) including any capitalised interest and fees;

**Current Issuer Share** has the meaning ascribed to it in clause 7.2 of the Mortgages Trust Deed;

**Current Issuer Share Percentage** has the meaning ascribed to it in clause 7.2 of the Mortgages Trust Deed;

**Current LTV Ratio** means, in respect of a Mortgage Loan, the Current Balance divided by the Current Valuation;

**Current Seller Share** has the meaning ascribed to it in clause 7.4 of the Mortgages Trust Deed;

**Current Seller Share Percentage** has the meaning ascribed to it in clause 7.4 of the Mortgages Trust Deed;

**Current Valuation** means, with respect to a Mortgage Loan, the most recent valuation carried out with respect to the relevant Mortgaged Property for the purpose of making an advance under the relevant Mortgage Loan;

***Custody Accounts*** means:

- (a) the custody accounts which shall hold Collateral Securities linked to the Cash Accounts such that the Swap Collateral Income received from such Collateral Securities shall be credited to the relevant Cash Accounts; and
- (b) any other Custody Account in which Collateral Securities are posted;

***Custody Operations*** means all custody operations to be undertaken by the Issuer Securities Swap Collateral Account Bank in providing the Swap Collateral Services;

***Data Breach*** means any accidental, unlawful or unauthorised destruction, loss, alteration, disclosure of, or access to, or any unauthorised or unlawful processing of, in each case any Personal Data.

***Data Protection Authority*** means each person having regulatory or supervisory authority over the processing of Personal Data in connection with the Mortgage Sale Agreement or Administration Agreement, as applicable.

***Data Protection Laws*** means the Data Protection Act 2018, Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data and all other such data protection legislation, guidelines and industry standards that are applicable at the relevant time;

***Deed of Charge*** means the deed of charge dated on or about the Closing Date between the Issuer, Holdings, the Mortgages Trustee, the Security Trustee, the Note Trustee, the Agents, the Corporate Services Provider, the Back-Up Administrator Facilitator, the Swap Providers, Issuer Swap Collateral Account Banks, the Mortgages Trustee Account Banks, the Issuer Account Banks, the Cash Managers, the Administrator, the Subordinated Loan Provider, the Seller, and the Beneficiary (and shall include, where the context so permits, any deed or document creating Issuer Security granted pursuant thereto);

***Deemed Principal Amount Outstanding*** means, on any day, in respect of any US\$ Note, the Sterling equivalent (calculated by the Issuer Cash Manager using the applicable Original Exchange Rate and rounded to the nearest whole penny) of an amount equal to:

- (a) the Principal Amount Outstanding of that US\$ Note on the Closing Date; *less*
- (b) the aggregate of all Note Principal Payments that would have been paid in respect of that US\$ Note in accordance with Condition 5(B) (*Mandatory Redemption in Part*) up to (and including) that day if the Original Currency Swap Agreement had still been in force, provided that for the purposes of calculating the Class A1 Target Amortisation Amount in relation to a Payment Date only, the amount of any Note Principal Payment which would have been paid on the US\$ Note on such Payment Date in accordance with Condition 5(B) (*Mandatory Redemption in Part*) will not be taken into account;

**Defaulted Mortgage Loan** means a Mortgage Loan in the Mortgage Portfolio which is more than 3 months in arrears;

**Deferred Consideration** means the portion of the purchase price for the Mortgage Portfolio assigned to the Mortgages Trustee which was not paid to the Seller on the Closing Date;

**Deferred Contribution** means the further cash contributions to the Mortgages Trustee to be made by the Issuer on each Payment Date (or following service of a Note Acceleration Notice, each Distribution Date), subject to and in accordance with the relevant Priority of Payments, as part of the consideration provided by the Issuer to the Mortgages Trustee for the Issuer Share in the Trust Property;

**Definitive Notes** means the definitive notes in registered form in substantially the form set out in Schedule 2 (*Form of Definitive Note*) of the Trust Deed to be issued by the Issuer in respect of the Global Notes pursuant to the circumstances specified in clause 4.6 (*Definitive Notes*) of the Trust Deed and includes any replacement of the Definitive Notes pursuant to Condition 13 (*Replacement of Notes*);

**Denominator Reduction Amount** means the amount specified as such for each Denominator Reduction Event and **Denominator Reduction Amounts** means the amounts for more than one Denominator Reduction Event;

**Denominator Reduction Amount Ledger** means the ledger of such name created and maintained by the Trust Property Cash Manager on behalf of the Mortgages Trustee pursuant to the Trust Property Cash Management Agreement to record Denominator Reduction Amounts received by the Mortgages Trustee;

**Denominator Reduction Event** means each of the following events:

- (a) any Borrower exercises a right of set-off (whether such right has arisen as a result of the Seller failing to make a Borrow-back or otherwise) so that the amount of principal and interest owing under a Mortgage Loan is reduced but no corresponding payment is received by the Mortgages Trustee, in which event the **Denominator Reduction Amount** will be an amount equal to the total amount of such set-off; and/or
- (b) an obligation to repurchase a Mortgage Loan arises under the Mortgage Sale Agreement and the Seller fails to repurchase such Mortgage Loan as required by the terms of the Mortgage Sale Agreement or such Mortgage Loan is not capable of being repurchased, in which event the **Denominator Reduction Amount** will be an amount equal to the relevant Repurchase Price; and/or
- (c) an Insolvency Event in respect of Clydesdale has occurred and amounts standing to the credit of the VM Mortgages Trustee Account on the date of such Insolvency Event cannot be withdrawn from the VM Mortgages Trustee Account and transferred to a Mortgages Trustee Transaction Account on such date, in which case the

***Denominator Reduction Amount*** will be an amount equal to the balance of the VM Mortgages Trustee Account to the extent that such balance cannot be withdrawn on such date (such balance the ***VM Mortgages Trustee Account Loss***);

***Direct Debit*** means an electronic direct debit authorised by the relevant Borrower and made monthly from such Borrower's bank account to an account of the Seller;

***Direct Debiting Scheme*** means the scheme for the manual or automated debiting of bank accounts operated in accordance with the detailed rules of certain members of the Association for Payment Clearing Services;

***Directive*** means a directive of the European Union;

***Disruption Event*** has the meaning given to it at Schedule 4 (*Determination and Reconciliation*) of the Trust Property Cash Management Agreement;

***Disruption Loan*** has the meaning given to it at Schedule 4 (*Determination and Reconciliation*) of the Trust Property Cash Management Agreement;

***Disruption Loan Repayment Amounts*** has the meaning given to it at Schedule 4 (*Determination and Reconciliation*) of the Trust Property Cash Management Agreement;

***Disruption Loan Repayment Date*** has the meaning given to it at Schedule 4 (*Determination and Reconciliation*) of the Trust Property Cash Management Agreement;

***Disruption Payments Ledgers*** has the meaning given to it at Schedule 4 (*Determination and Reconciliation*) of the Trust Property Cash Management Agreement;

***Disruption Payments Revenue Ledger*** has the meaning given to it at Schedule 4 (*Determination and Reconciliation*) of the Trust Property Cash Management Agreement;

***Disruption Payments Principal Ledger*** has the meaning given to it at Schedule 4 (*Determination and Reconciliation*) of the Trust Property Cash Management Agreement;

***Disruption Period*** has the meaning given to it at Schedule 4 (*Determination and Reconciliation*) of the Trust Property Cash Management Agreement;

***Distribution Date*** means the seventh Business Day of each month;

***DTC*** means The Depository Trust Company;

***Early Repayment Charge*** means any charge or fee which the mortgage conditions applicable to a Mortgage Loan require the relevant Borrower to pay in the event that all or part of that Mortgage Loan is repaid before a certain date;

**Early Termination Event** means certain circumstances in which a Basis Rate Swap Transaction may be terminated, as more specifically defined in the Basis Rate Swap Agreements;

**Electronic Consent** means consent given by way of electronic consents communicated through the electronic communications system of the relevant Clearing System(s) to the Principal Paying Agent or another specified agent and/or the Note Trustee in accordance with the operating rules and procedures of the relevant Clearing System(s);

**Electronic Instruction** means:

- (a) in relation to the Transaction Accounts, the VM Issuer Account or the VM Mortgages Trustee Account, an automated instruction received from the Issuer or the Issuer Cash Manager (in the case of the Issuer Transaction Accounts) or the Mortgages Trustee or the Trust Property Cash Manager (in the case of the Mortgages Trustee Transaction Accounts or the VM Mortgages Trustee Account) via SWIFT or any computer banking system by which the relevant bank is able to accept instructions given electronically, which automated instruction the relevant bank has no reason to believe (i) is not genuine or authentic, (ii) has not been duly authorised and (iii) has not been made pursuant to the security procedures applicable to the relevant computer banking system; and
- (b) in relation to the Collection Account, an automated instruction received from the Administrator by the Collection Bank via SWIFT or any computer banking system by which the Collection Bank is able to accept instructions given electronically, which automated instruction the Collection Bank has no reason to believe (i) is not genuine or authentic, (ii) has not been authorised by the Administrator pursuant to the Administrator's internal security procedures and (iii) has not been made pursuant to the security procedures applicable to the relevant computer banking system;

**Encumbrance** means:

- (a) a mortgage, charge, pledge, security interest, lien or other encumbrance securing any obligation of any person;
- (b) any arrangement under which money or claims to money, or the benefit of a bank or other account may be applied, set off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person; or
- (c) any other type of preferential arrangement (including any title transfer and retention arrangement) having a similar effect;

**Enforcement Notice** means the notice given by the Security Trustee to the Issuer declaring the whole of the Issuer Security to be enforceable;

**Enforcement Procedures** means the procedures applied from time to time by the Administrator in connection with the enforcement of a Mortgage Loan and the Related Security;

**English Mortgage** means a mortgage secured by way of first priority legal charge over a Mortgaged Property located in England or Wales;

**English Mortgage Loan** means a Mortgage Loan secured by an English Mortgage;

**Equity Release Mortgage Loan** means a mortgage loan originated under an equity release plan in the form of either a lifetime mortgage or a home reversion plan and where repayment of such mortgage loan is due on the earlier to occur of the death of the borrower and the sale of the relevant property;

**Establishment** has the meaning specified in the EU Regulation;

**EU Regulation** or **Regulation** means the EU Insolvency Regulation (EU) 2015/848 of 20 May 2015 on insolvency proceedings (recast);

**Euroclear** means Euroclear Bank S.A./N.V.;

**Everyday Fixed Rate Mortgage Loan** means a Mortgage Loan with the same features as a Fixed Rate Mortgage Loan, with the exception that overpayments are limited to 10 per cent. of the outstanding balance per calendar year and no borrow backs or underpayments are permitted. The payment holidays which can be applied for are limited to a one month payment holiday for every nine consecutive full monthly payments made, with a maximum payment holiday of three months following 27 consecutive full monthly payments being made;

**Everyday Tracker Mortgage Loan** means a Mortgage Loan with the same features as a Flexible Tracker Rate Mortgage Loan, with the exception that overpayments are limited to 10 per cent. of the outstanding balance per calendar year and no borrow backs or underpayments are permitted. The payment holidays which can be applied for are limited to a one month payment holiday for every nine consecutive full monthly payments made, with a maximum payment holiday of three months following 27 consecutive full monthly payments being made (the **Everyday Tracker Mortgage Loans** and, together with the flexible Tracker Rate Mortgage Loans, the **Tracker Rate Mortgage Loans**);

**Exchange Date** has the meaning specified in each Global Note attached at Schedule 1 (*Forms of Global Notes*) to the Trust Deed;

**Exchange Event** has the meaning given to it in Condition 1 (*Form, Denomination and Title*);

**Expenses** includes, but is not limited to, all reasonable costs, legal fees, charges and expenses paid or incurred in disputing or defending any Losses (including any Irrecoverable VAT thereon);

***Extraordinary Resolution*** has the meaning given to it in paragraph 22 of Schedule 4 (*Provisions For Meetings of Noteholders*) to the Trust Deed;

***FATCA*** means the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), any inter-governmental agreement or implementing legislation adopted by another jurisdiction or any agreement with the US Internal Revenue Service in connection with these provisions;

***FATCA Compliant Entity*** means a person payments to whom are not subject to withholding or deduction on account of FATCA;

***FCA*** means the United Kingdom Financial Conduct Authority and any successor regulatory authority;

***FCA Rules*** means the rules in force from time to time made by the FCA under the Financial Services and Markets Act 2000 as amended or replaced from time to time;

***Final Discharge Date*** means the date on which the Security Trustee notifies the Issuer and the Secured Creditors that it is satisfied that all the Secured Obligations and/or all other monies and other liabilities due or owing by the Issuer have been paid or discharged in full;

***Final Redemption Date*** means, in respect of each Class of Notes, the Payment Date falling in August 2060;

***Financial Period*** means a Financial Year or any other period in respect of which accounts are required to be prepared and certified by the auditors of the relevant company to enable it to comply with all relevant legal and accounting requirements and all requirements of any stock exchange on which any securities of the company are listed;

***Financial Year*** means, in relation to the Issuer, Holdings, and the Mortgages Trustee each twelve month period ending on the last day of the calendar year;

***First Account Bank Agreement*** means the account bank agreement entered into on or about the Closing Date between the First Issuer Account Bank, the First Mortgages Trustee Account Bank, the Issuer, the Mortgages Trustee, the Issuer Cash Manager, the Trust Property Cash Manager and the Security Trustee;

***First Issuer Account Bank*** means Citibank, N.A., London Branch, acting through its office at Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB, in its capacity as first account bank to the Issuer pursuant to the First Account Bank Agreement;

***First Issuer Transaction Account*** means the account in the name of the Issuer (sort code 18-50-08, account number 18521751) held at the First Issuer Account Bank and maintained subject to the terms of the First Account Bank Agreement or such additional or replacement bank account of the Issuer as may for the time being be in place;

**First Issuer Transaction Account Balance** has the meaning specified in clause 3.4(b) (*Interest*) of the First Account Bank Agreement;

**First Issuer Transaction Account Rate** has the meaning specified in clause 3.4(b) (*Interest*) of the First Account Bank Agreement;

**First Mortgages Trustee Account Bank** means Citibank, N.A., London Branch, acting through its office at Citigroup Centre, Canada Square, Canary Wharf London E14 5LB, in its capacity as first account bank to the Mortgages Trustee pursuant to the First Account Bank Agreement;

**First Mortgages Trustee Transaction Account** means the account in the name of the First Mortgages Trustee (sort code 18-50-08, account number 18521735) held at the First Mortgages Trustee Account Bank and maintained subject to the terms of the First Account Bank Agreement or such additional or replacement bank account of the Mortgages Trustee as may for the time being be in place;

**First Mortgages Trustee Transaction Account Balance** has the meaning specified in clause 3.4(a) (*Interest*) of the First Account Bank Agreement;

**First Mortgages Trustee Transaction Account Rate** has the meaning specified in clause 3.4(a) (*Interest*) of the First Account Bank Agreement;

**First Transaction Account Bank** means the First Issuer Account Bank and the First Mortgages Trustee Account Bank;

**First Transaction Accounts** means the First Issuer Transaction Account and the First Mortgages Trustee Transaction Account;

**Fitch** means Fitch Ratings Limited and includes any successor to its rating business;

**Fixed Rate Mortgage Loan** means a Mortgage Loan subject to a fixed interest rate for a specified period of time and which at the expiration of that period will generally be subject to the Seller's standard variable rate;

**Fixed Rate Mortgage Loan Balance** has the meaning given to it in the Basis Rate Swap Agreements;

**Flexible Mortgage Loan** means a Mortgage Loan where interest is charged daily at either a fixed rate or a variable rate and which permit the Borrower to make (i) cash redraws, (ii) overpayments, (iii) underpayments and (iv) an application for a payment holiday of one month per every nine consecutive full monthly payments made, with a maximum payment holiday of three months;

**Flexible Tracker Rate Mortgage Loan** means a Mortgage Loan subject to a variable rate of interest that is linked to the Bank of England base rate plus an additional fixed percentage;

**Form of Proxy** has the meaning specified in Schedule 4 (*Provisions for Meetings of Noteholders*) to the Trust Deed;



**FOS** means the Financial Ombudsman Service;

**FPO** means the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005;

**FSCS** means the Financial Services Compensation Scheme;

**FSMA** means the Financial Services and Markets Act 2000;

**FTP** means the File Transfer Protocol;

**Further Advance** means, in relation to a Mortgage Loan, any further amount to be lent to the relevant Borrower which is secured by the same Mortgaged Property as the Mortgage Loan, in circumstances which do not amount to a Borrow-Back;

**Further Subordinated Loan** means each further Sterling denominated subordinated loan provided by the Subordinated Loan Provider pursuant to the Subordinated Loan Agreement;

**Further Subordinated Loan Request** has the meaning specified in the Subordinated Loan Agreement;

**GBP Equivalent** means, in relation to an amount:

- (a) expressed in Sterling, that amount; and
- (b) expressed in US dollars, the Sterling equivalent of that amount:
  - (i) if the Original Currency Swap Agreement has not been terminated, determined using the Original Exchange Rate;
  - (ii) if the Original Currency Swap Agreement has been terminated and a replacement Currency Swap Agreement has been entered into by the Issuer, determined using the Replacement Exchange Rate; or
  - (iii) if the Original Currency Swap Agreement has been terminated and a replacement Currency Swap Agreement has not been entered into by the Issuer, determined using the prevailing Spot Rate available to the Issuer Cash Manager (booked for conversion for value on the date on which (A) such dollar amount is payable; or (B) where the GBP Equivalent is being determined for a purpose other than in the context of a payment, such determination is to be made);

**GBP Negative Floating Amount** has the meaning given to it in the Currency Swap Agreement;

**Global Notes** means the Regulation S Global Notes and the Rule 144A Global Notes and **Global Note** means any of the Global Notes;

**Guarantee** means each guarantee in support of the obligations of a Borrower under a Mortgage Loan;

**Help to Buy Mortgage Loan** means a mortgage loan made available to a Borrower pursuant to the UK Government's Help to Buy scheme;

**HMRC** means the HM Revenue & Customs of the United Kingdom;

**HM Treasury** means The Commissioners of Her Majesty's Treasury;

**Holdings** means Gosforth Holdings 2018-1 Limited, a private limited company incorporated under the laws of England and Wales, (registered number 11444180) whose registered office is at 8<sup>th</sup> Floor, 100 Bishopsgate, London EC2N 4AG;

**Holdings Loan** means the £12,501.75 loan agreement dated 7 August 2018 made between Holdings and Law Debenture Trustees Limited;

**ICSDs** means Clearstream, Luxembourg and Euroclear;

**Increase Date** has the meaning specified in the Subordinated Loan Agreement;

**Increase Request** has the meaning specified in the Subordinated Loan Agreement;

**Independent Director** means a duly appointed member of the board of directors in respect of the relevant company who should not have been, at the time of such appointment or at any time in the preceding five years: (i) a direct or indirect legal or beneficial owner in the relevant Originator or any of their Affiliates; (ii) a creditor, supplier, employee, officer, director, family member, manager or contractor of the relevant Originator; or (iii) a person who controls (directly or indirectly) the relevant Originator or their Affiliates or any creditor, supplier, employee, officer, director, manager or contractor;

**Indirect Participants** means persons that hold interests in the Book-Entry Interests through Participants;

**Individual Exchange Date** has the meaning given to it in Condition 1 (*Form, Denomination and Title*);

**Initial Consideration** means an amount (not less than zero) equal to the Current Balance of the Mortgage Loans payable by the Mortgages Trustee to the Seller as part of the consideration provided by the Mortgages Trustee to the Seller for the sale and assignment of the Mortgage Portfolio together with its Related Security;

**Initial Contribution** means an amount (not less than zero), being the proceeds of the issuance of the Notes, payable by the Issuer to the Mortgages Trustee on the Closing Date as part of the consideration provided by the Issuer to the Mortgages Trustee for its beneficial interest in the Trust Property;

**Initial Issuer Share** has the meaning given to it in clause 6.1 (*Initial Issuer Share*) of the Mortgages Trust Deed;

**Initial Issuer Share Percentage** has the meaning given to it in clause 6.1 (*Initial Issuer Share*) of the Mortgages Trust Deed;

***Initial Mortgage Portfolio*** means the portfolio of Mortgage Loans and Related Security selected from the Provisional Mortgage Portfolio and beneficially assigned to the Mortgages Trustee on the Closing Date;

***Initial Seller Share*** has the meaning given to it in clause 6.2 (*Initial Seller Share*) of the Mortgages Trust Deed;

***Initial Seller Share Percentage*** has the meaning given to it in clause 6.2 (*Initial Seller Share*) of the Mortgages Trust Deed;

***Initial Subordinated Loan*** means the Sterling denominated loan made to the Issuer by the Subordinated Loan Provider on the Closing Date pursuant to the terms of the Subordinated Loan Agreement;

***Initial Trust Property*** has the meaning ascribed to it in clause 2.1 (*Initial Trust Property*) of the Mortgages Trust Deed;

***Insolvency Act*** means the Insolvency Act 1986;

***Insolvency Event*** in respect of the Seller, Clydesdale, the Administrator, the Issuer Cash Manager, the Trust Property Cash Manager, the VM Mortgages Trustee Account Bank, the VM Issuer Account Bank or the 17g-5 Information Provider, (each, for the purposes of paragraphs (a) to (c) of this definition, a ***Relevant Entity***) means:

- (a) an order is made or an effective resolution passed for the winding up of the Relevant Entity or the appointment of an administrator over the Relevant Entity (except, in any such case, a winding-up or dissolution for the purpose of a reconstruction or amalgamation the terms of which have been previously approved by the Security Trustee or by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding);
- (b) the Relevant Entity ceases or threatens to cease to carry on its business (otherwise than for the purposes of such amalgamation or reconstruction as is referred to in paragraph (a) above) or stops payment or threatens to stop payment of its debts or is deemed unable to pay its debts within the meaning of section 123(1)(a) (on the basis that the reference in such section to £750 is read as a reference to £10 million), (b), (c) (on the basis that the words “for a sum exceeding £10 million” is inserted after the words “extract registered bond” and “extract registered protest”), (d) or (e) of the Insolvency Act (as amended, modified or re-enacted) or becomes unable to pay its debts as they fall due or the value of its assets is less than the amount of its liabilities (taking into account its contingent and prospective liabilities) or otherwise becomes insolvent; or
- (c) proceedings are initiated against the Relevant Entity or any steps are taken in respect of a Relevant Entity under any applicable liquidation, administration, reorganisation (other than a reorganisation where the Relevant Entity is solvent), insolvency or other similar laws, save where such proceedings are being contested in good faith; or an

administrative or other receiver, administrator or other similar official is appointed in relation to the whole or any substantial part of the undertaking or assets of the Relevant Entity; or a distress, execution, diligence or other process is enforced upon the whole or any substantial part of the undertaking or assets of the Relevant Entity and in any of the foregoing cases it is not discharged within 30 Business Days; or if the Relevant Entity initiates or consents to judicial proceedings relating to itself under any applicable liquidation, administration, insolvency, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of its creditors generally;

and in respect of the Issuer, ***Insolvency Event*** means:

- (i) except for the purposes of an amalgamation or restructuring as described in sub-clause (ii) of this definition, the Issuer ceases or threatens to cease to carry on all or a substantial part of its business or the Issuer is deemed unable to pay its debts within the meaning of section 123(1)(a), (b), (c), (d) or (e) of the Insolvency Act (as that section may be amended, modified or re-enacted) or is deemed unable to pay its debts within the meaning of section 123(2) of the Insolvency Act (as that section may be amended, modified or re-enacted); or
- (ii) an order is made or petition is presented or an effective resolution is passed for the winding up of the Issuer (except for the purposes of or pursuant to an amalgamation, restructuring or merger previously approved in writing by the Security Trustee or by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding); or
- (iii) proceedings are otherwise initiated against the Issuer or any steps are taken in respect of the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, presentation of a petition for an administration order and the service or filing on any person or at court of any notice relating to the appointment of an administrator) and (except in the case of presentation of a petition for an administration order) such proceedings are not, in the opinion of the Note Trustee, being disputed in good faith with a reasonable prospect of success; or an administration order being granted or an administrator being appointed or an administrative receiver or other receiver, liquidator or other similar official being appointed in relation to the Issuer or in relation to the whole or any substantial part of the undertaking or assets of the Issuer; or an encumbrancer taking possession of the whole or any substantial part of the undertaking or assets of the Issuer, or a distress, execution, diligence or other process being levied or enforced upon or sued out against the whole or any substantial part of the undertaking or assets of the Issuer and such possession or process (as the case may be) not being

discharged or not otherwise ceasing to apply within 30 days; or the initiating or consenting to judicial proceedings relating to itself under applicable liquidation, insolvency, composition, reorganisation or other similar laws or making a conveyance, assignation or assignment for the benefit of its creditors generally;

***Insolvency Official*** means, in connection with any Insolvency Proceedings in relation to a company, a liquidator, provisional liquidator, administrator, administrative receiver, receiver, manager, nominee, supervisor, trustee, conservator, guardian or other similar official in respect of such company or in respect of all (or substantially all) of the company's assets or in respect of any arrangement or composition with creditors;

***Insolvency Proceedings*** means, in respect of a company, the winding-up, liquidation, dissolution or administration of such company or any equivalent or analogous proceedings under the law of the jurisdiction in which such company carries on business including but not limited to the seeking of liquidation, winding-up, reorganisation, dissolution, administration, arrangement, protection or relief of debtors by presentation of a petition or the filing of documents with the court or otherwise;

***Instruction Deadline*** means, in relation to Electronic Instructions (i) in respect of the First Account Bank Agreement, 3.00 p.m. (London time); and (ii) in respect of the Second Account Bank Agreement, 2.30 p.m. (London time);

***Instruments*** means the Global Notes and the Definitive Notes (and each an ***Instrument***);

***Insurance Contracts*** means the properties in possession policy, the contingency insurance policy and the insurance on the property and any other additional, substitute or replacement insurance contracts or policies arranged by the Seller from time to time relating to the Mortgage Loans in the Mortgages Trust;

***Insurance Policy*** means any insurance policy arranged in respect of a Mortgage Loan which is part of the Trust Property;

***Interest Amount*** has the meaning given to it under Condition 4(D) (*Determination of Rates of Interest and Calculation of Interest Amounts*);

***Interest Determination Date*** means, as the context requires, the US\$ Interest Determination Date and the Sterling Interest Determination Date;

***Interest Period*** means the period from (and including) a Payment Date (or in respect of the first Interest Period, the Closing Date) to (but excluding) the next following Payment Date;

***Interest-Only Mortgage Loan*** means a Mortgage Loan in the Provisional Mortgage Portfolio advanced on an interest-only basis with or without capital repayment vehicle;

***Investment Company Act*** means U.S. Investment Companies Act of 1940, as amended;

***Investor Presentation Materials*** means (i) the investor presentation dated September 2018 in respect of the Notes prepared by the Seller for purposes of investor meetings and/or calls, beginning on 10 September 2018, and (ii) any other marketing materials relating to the Notes approved in writing by, or containing information provided in writing by, the Seller for use directly in connection with the issue, offering and sale of the Notes as approved by the Joint Lead Managers (such approval not to be unreasonably withheld or delayed) (including sales memoranda or term sheets prepared by the Joint Lead Managers and/or Arrangers but excluding Rating Agency pre-sale reports or other information published by any rating agencies in relation to the Notes and sales memoranda or term sheets prepared by the Joint Lead Managers solely for their internal use);

***Irrecoverable VAT*** means any amount in respect of VAT incurred by a party to the Transaction Documents (for the purposes of this definition, a Relevant Party) as part of a payment in respect of which it is entitled to be indemnified under the relevant Transaction Documents to the extent that the Relevant Party does not or will not receive and retain a credit or repayment of such VAT as input tax (as that expression is defined in Section 24(1) VATA) for the prescribed accounting period (as that expression is used in Section 25(1) VATA) to which such input tax relates;

***Issuer*** means Gosforth Funding 2018-1 plc, a public limited company incorporated under the laws of England and Wales (registered number 11444253) whose registered office is at 8<sup>th</sup> Floor, 100 Bishopsgate, London EC2N 4AG;

***Issuer Account Banks*** means the First Issuer Account Bank and the Second Issuer Account Bank or such other person for the time being acting as account bank or account banks to the Issuer under the Account Bank Agreements;

***Issuer Account Mandates*** means the Issuer Transaction Account Mandates, the Swap Collateral Account Mandates and any other account mandate issued by the Issuer in relation to an Issuer Account;

***Issuer Accounting Period*** means an accounting period of the Issuer for the purposes of United Kingdom corporation tax as defined in Chapter 2, Part 2 of the Corporation Tax Act 2009;

***Issuer Accounts*** means the Issuer Transaction Accounts, the Issuer Swap Collateral Accounts and also includes any additional or replacement bank account opened in the name of the Issuer from time to time with the prior written consent of the Security Trustee;

***Issuer Available Principal Receipts*** for the Issuer in respect of any Payment Date will be calculated by the Issuer Cash Manager on the Payment Calculation Date immediately preceding that Payment Date and will be an amount equal to:

- (a) the Mortgages Trustee Available Principal Receipts paid by the Mortgages Trustee to the Issuer during the period from (but excluding) the immediately preceding Payment Date to (and including) that Payment Date; *plus*
- (b) any amounts already standing to the credit of the Issuer Principal Ledger; *less*
- (c) the amount of any Issuer Principal Receipts Reduction; *plus*
- (d) any VM Issuer Account Recovered Amount, to the extent that such amount is applied to reduce the Issuer Principal Receipts Reduction; *plus*
- (e) all Issuer Available Revenue Receipts which are to be applied on that Payment Date to credit any Principal Deficiency Ledger for any Class of Notes issued by the Issuer;

***Issuer Available Revenue Receipts*** for the Issuer in respect of any Payment Date will be calculated by the Issuer Cash Manager on the Payment Calculation Date immediately preceding that Payment Date and will be an amount equal to (without double counting):

- (a) all amounts received by the Issuer in accordance with the Mortgages Trustee Revenue Priority of Payments, in each case during the period from (but excluding) the immediately preceding Payment Date to (and including) that Payment Date; *plus*
- (b) amounts to be received by the Issuer under the Basis Rate Swap Agreements from (but excluding) the immediately preceding Payment Date to (and including) the relevant Payment Date (other than (i) swap collateral standing to the credit of or to be credited to the relevant Issuer Swap Collateral Account; (ii) any early termination amount received by the Issuer under any Basis Rate Swap Agreement to the extent used to purchase any replacement basis rate swap on or prior to the Payment Date following the Payment Date immediately following the termination of such Basis Rate Swap Agreement; and (iii) any amount received by the Issuer by way of any premium paid by any replacement basis rate swap provider which shall be applied to pay any termination payment under such basis rate swap being replaced; *plus*
- (c) interest payable to the Issuer on the Issuer Transaction Accounts and the VM Issuer Account and income received from any Permitted Investments which has been or will be received on or before the relevant Payment Date; *plus*
- (d) amounts standing to the credit of the Liquidity Reserve Fund (except that such amounts shall not be used to pay item (viii) of the Issuer Pre-Acceleration Revenue Priority of Payments); *less*
- (e) the amount of any Issuer Revenue Receipts Reduction; *plus*

- (f) any VM Issuer Account Recovered Amount, to the extent that such amount is applied to reduce any Issuer Revenue Receipts Reduction; *plus*
- (g) the amount of Issuer Available Principal Receipts (if any) which are to be applied on the relevant Payment Date to pay items (i) to (vii) and item (ix) of the Issuer Pre-Acceleration Revenue Priority of Payments;

***Issuer Cash Management Agreement*** means the cash management agreement dated on or about the Closing Date between the Issuer Cash Manager, the Issuer, the First Transaction Account Bank, the Second Transaction Account Bank and the Security Trustee;

***Issuer Cash Management Services*** means the cash management services set out in the Issuer Cash Management Agreement, including Schedules 1 (*The Issuer Cash Management Services*) and 2 (*Cash Management and Maintenance of Ledgers*) to be provided by the Issuer Cash Manager to the Issuer pursuant to the Issuer Cash Management Agreement;

***Issuer Cash Manager*** means Clydesdale, or such other person for the time being acting as issuer cash manager under the Issuer Cash Management Agreement which expression shall include such other person as may be appointed from time to time as issuer cash manager pursuant to the Issuer Cash Management Agreement;

***Issuer Cash Manager Termination Event*** means any of the events listed at clause 13.1 (*Issuer Cash Manager Termination Events*) of the Issuer Cash Management Agreement;

***Issuer Cash Swap Collateral Account*** means the account opened in the name of the Issuer at the Issuer Cash Swap Collateral Account Bank for the purposes of holding cash collateral posted in connection with the Swap Agreements;

***Issuer Cash Swap Collateral Account Bank*** means Elavon Financial Services DAC, UK Branch, acting in its capacity as account bank to the Issuer pursuant to the Swap Collateral Account Bank Agreement;

***Issuer Corporate Certificate*** means the Corporate Certificate of the Issuer;

***Issuer Ledgers*** means the Issuer Revenue Ledger, the Issuer Principal Ledger, the Principal Deficiency Ledger, the Liquidity Reserve Ledger, the Issuer Profit Ledger, the Issuer Principal Receipts Reduction Ledger, the Issuer Revenue Receipts Reduction Ledger and each Swap Collateral Ledger;

***Issuer Loss/Seller Loss Ledger*** means the ledger of such name created and maintained by the Trust Property Cash Manager on behalf of the Mortgages Trustee pursuant to the Trust Property Cash Management Agreement to record Losses;

***Issuer Post-Acceleration Priority of Payments*** means the provisions and the order of priority of payments set out in Part C of Schedule 3 (*Priorities of Payments*) to the Deed of Charge, as the same may be amended, varied or superseded from time to time in accordance with the terms of the Deed of Charge;



***Issuer Pre-Acceleration Principal Priority of Payments*** means the provisions and the order of priority of payments as set out in Part B of Schedule 3 (*Priorities of Payments*) to the Deed of Charge, as the same may be amended, varied or superseded from time to time in accordance with the terms of the Deed of Charge;

***Issuer Pre-Acceleration Priority of Payments*** means the Issuer Pre-Acceleration Revenue Priority of Payments and/or the Issuer Pre-Acceleration Principal Priority of Payments as the context may require as the same may be amended, varied or superseded from time to time in accordance with the terms of the Deed of Charge;

***Issuer Pre-Acceleration Revenue Priority of Payments*** means the provisions and the order of priority of payments as set out in Part A of Schedule 3 (*Priorities of Payments*) to the Deed of Charge, as the same may be amended, varied or superseded from time to time in accordance with the terms of the Deed of Charge;

***Issuer Principal Deficiency Sub-Ledgers*** means the principal deficiency sub-ledgers for each of the Class A Notes, the Class M Notes and the Class Z Notes;

***Issuer Principal Ledger*** means the ledger referred to in paragraph 6 of Schedule 2 (*Cash Management and Maintenance of Ledgers*) to the Issuer Cash Management Agreement;

***Issuer Principal Receipts Reduction*** has the meaning given to it in clause 4.12(a) (*VM Issuer Account Losses*) of the Issuer Cash Management Agreement;

***Issuer Principal Receipts Reduction Ledger*** means the ledger referred to in paragraph 6.3 of Schedule 2 (*Cash Management and Maintenance of Ledgers*) to the Issuer Cash Management Agreement;

***Issuer Profit Amount*** means the amount as referred to in item (xii) of the Issuer Pre-Acceleration Revenue Priority of Payments and item (xiii) of the Issuer Post-Acceleration Priority of Payments;

***Issuer Profit Ledger*** means the ledger referred to in paragraph 9 of Schedule 2 (*Cash Management and Maintenance of Ledgers*) to the Issuer Cash Management Agreement;

***Issuer Revenue Ledger*** means the ledger referred to in paragraph 5 of Schedule 2 (*Cash Management and Maintenance of Ledgers*) to the Issuer Cash Management Agreement;

***Issuer Revenue Receipts Reduction*** has the meaning given to it in clause 4.12(b) (*VM Issuer Account Losses*) of the Issuer Cash Management Agreement;

***Issuer Revenue Receipts Reduction Ledger*** means the ledger referred to in paragraph 5.3 of Schedule 2 (*Cash Management and Maintenance of Ledgers*) to the Issuer Cash Management Agreement;

**Issuer Revenue Share** means, in respect of any Trust Calculation Date, the lesser of:

- (a) Mortgages Trustee Available Revenue Receipts on such Trust Calculation Date; and
- (b) (i) an amount determined by multiplying the total amount of the Mortgages Trustee Available Revenue Receipts on such Trust Calculation Date by the Issuer Share Percentage (as determined on the Trust Calculation Date falling in the immediately preceding Trust Calculation Period or, in the case of the first Trust Calculation Date, as of the Closing Date); *plus*
- (ii) an amount equal to the Basis Rate Swap Shortfall Amount in respect of such Trust Calculation Date;

**Issuer Securities Swap Collateral Account** means, in respect of each Swap Agreement, the custody account opened in the name of the Issuer at the Issuer Securities Swap Collateral Account Bank for the purposes of holding securities posted as collateral in connection with that Swap Agreement;

**Issuer Securities Swap Collateral Account Bank** means Elavon Financial Services DAC, UK Branch;

**Issuer Security** means the security created by the Issuer by and pursuant to the Deed of Charge and any further security created by the Issuer from time to time in favour of the Security Trustee on trust for the Secured Creditors (including, for the avoidance of doubt, the Scottish Supplemental Charge);

**Issuer Share** on any Relevant Trust Calculation Date has the meaning given to it in clause 7.2 (*Current Issuer Share Percentage and Current Issuer Share on a Trust Calculation Date*) of the Mortgages Trust Deed;

**Issuer Share/Seller Share Ledger** means the ledger of such name created and maintained by the Trust Property Cash Manager in the name of the Mortgages Trustee pursuant to the Trust Property Cash Management Agreement to record the Issuer Share, the Seller Share, the Issuer Share Percentage, the Seller Share Percentage, the Issuer Revenue Share, the Basis Rate Swap Shortfall Amount and the Seller Revenue Share in addition to the contributions made by each of the Issuer and the Seller on the Closing Date and thereafter;

**Issuer Share Percentage** on any Relevant Trust Calculation Date has the meaning given to it in clause 7.2 (*Current Issuer Share Percentage and Current Issuer Share on a Trust Calculation Date*) of the Mortgages Trust Deed;

**Issuer Swap Collateral Accounts** means each Cash Account and each Custody Account;

**Issuer Swap Collateral Account Banks** means the Issuer Cash Swap Collateral Account Bank and the Issuer Securities Swap Collateral Account Bank;

**Issuer Transaction Accounts** means the First Issuer Transaction Account and the Second Issuer Transaction Account;

**Issuer Transaction Account Mandates** means the resolutions, instructions, account opening forms (as applicable) and signature authorities relating to the Issuer Transaction Accounts substantially in the same form set out in Schedule 1 (*Form of Issuer Transaction Account Mandate*) to each of the Account Bank Agreements;

**Joint Lead Managers** means Lloyds Bank Corporate Markets plc, Merrill Lynch International, Lloyds Securities Inc., Citigroup Global Markets Limited and BNP Paribas, London Branch;

**Lending Criteria** means the lending criteria of the Originator from time to time;

**Liabilities** means any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges) and including any VAT or similar tax charged or chargeable in respect thereof and reasonable legal fees and expenses on a full indemnity basis;

**LIBOR** means the Screen Rate;

**Life Policy** means each life insurance and/or assurance policy which serves as collateral security for the repayment of a Mortgage Loan;

**Liquidity Reserve Fund** means the liquidity reserve fund established in the name of the Issuer on the Closing Date in an initial amount of £26,546,706;

**Liquidity Reserve Ledger** means the ledger that shall be maintained by the Issuer Cash Manager pursuant to the Issuer Cash Management Agreement to record the balance from time to time of the Liquidity Reserve Fund;

**Liquidity Reserve Required Amount** means as at any Payment Date:

- (a) the product of (i) and (ii) where:
  - (i) is:
    - (A) if a Seller Share Event has occurred and is continuing, 2.0; or
    - (B) otherwise, 1.0; and
  - (ii) (x) prior to the Step-Up Date, an amount equal to 2.0 per cent. of the Sterling Equivalent Principal Amount Outstanding of the Rated Notes (after the application of Issuer Available Principal Receipts on such Payment Date); or (y) on or after the Step-Up Date, an amount equal to 2.0 per cent. of the Sterling Equivalent Principal Amount Outstanding of the Rated Notes as at the Step-Up Date; or
- (b) such higher amount as may be determined by the Seller; or

- (c) on any Payment Date which is a Reserve Shortfall Payment Date or on the Payment Calculation Date in relation to which a Seller Share Event has occurred and is continuing, the greater of (x) the amount determined in accordance with paragraph (a) (or, as applicable, (b)) above and (y) the Liquidity Reserve Required Amount as at the immediately preceding Payment Date or the Closing Date in the case of the first Payment Date. If, on any Payment Date, the Liquidity Reserve Required Amount is reduced, the amount of any monies in the Liquidity Reserve Fund which exceed the Liquidity Reserve Required Amount will be applied as Issuer Available Revenue Receipts;

***Loan to Value Ratio*** or ***LTV Ratio*** means in respect of (a) any Mortgage Loan assigned to the Mortgages Trust, the ratio of the outstanding balance of such Mortgage Loan to the Current Valuation of the Mortgaged Property securing such Mortgage Loan and (b) the Originator's decision as to whether to make a mortgage loan to a prospective Borrower, the ratio of the outstanding balance of such mortgage loan to the lower of the purchase price or valuation of the Mortgaged Property securing such mortgage loan as determined by the relevant valuation by the Originator;

***Loan Warranties*** means the Seller's warranties as set out in Part A of Schedule 1 (*Warranties*) to the Mortgage Sale Agreement;

***London Banking Day*** means a day (other than a Saturday or Sunday or public holiday) on which banks are generally open for business in London;

***London Stock Exchange*** means London Stock Exchange plc;

***Loss*** means a realised loss during a Trust Calculation Period experienced on a Mortgage Loan in circumstances where there is no material breach of a Loan Warranty by the Seller with respect to such Mortgage Loan and which does not otherwise constitute a Denominator Reduction Event;

***Losses Ledger*** means the ledger of such name created and maintained by the Trust Property Cash Manager in the name of the Mortgages Trustee pursuant to the Trust Property Cash Management Agreement to record the Losses on the Mortgage Portfolio;

***Loyalty Discount*** means, in accordance with the relevant Mortgage Loan Conditions, the discount of no less than 0.25 per cent. applicable to the interest rate under the Variable Rate Mortgage Loans in the Mortgage Portfolio in respect of which more than seven years have passed since the date of origination;

***Mandate Instruction*** means an instruction received by the Collection Bank that complies with the Collection Account Mandate given to the Collection Bank in relation to the Collection Account;

***Mandatory Seller Cash Contribution*** has the meaning given to it at clause 7.7 (*Mandatory Seller Cash Contribution*) of the Mortgages Trust Deed;

***Mandatory Seller Cash Contribution Amount*** means, with respect to a Distribution Date, the amount (if any), to be calculated by the Trust Property

Cash Manager on the relevant Trust Calculation Date, by which the distribution of all Mortgages Trustee Available Principal Receipts required to be distributed to the Seller on the relevant Distribution Date pursuant to the Mortgages Trustee Principal Priority of Payments would cause the Seller Share to fall below the Minimum Seller Share;

**Markets in Financial Instruments Directive** means the EU Directive 2004/39/EC;

**Master Definitions and Construction Schedule** means this Schedule;

**MCOB** means the FCA's Mortgages and Home Finance: Conduct of Business Sourcebook;

**Meeting** has the meaning specified in paragraph 1 of Schedule 4 (*Provisions for Meetings of Noteholders*) to the Trust Deed;

**Member State** means a member state of the European Union;

**MHA/CP Documentation** means an affidavit, declaration, consent or renunciation granted in terms of the Matrimonial Homes (Family Protection) (Scotland) Act 1981 or the Civil Partnership Act 2004 in connection with a Scottish Mortgage or its relevant Mortgaged Property;

**MiFiD II** means the EU Directive 2014/65/EU;

**Minimum Class A Subordination Percentage** means 10.5 per cent.;

**Minimum Seller Share** means the amount which is calculated from time to time in accordance with clause 7.5 (*Minimum Seller Share*) of the Mortgages Trust Deed;

**Monthly Investor Report** means the monthly report published by the Administrator in the form set out in Schedule 2 Part A (*Form of Monthly Investor Report*) to the Administration Agreement;

**Monthly Issuer Amount** has the meaning given to it at Schedule 4 (*Determination and Reconciliation*) of the Trust Property Cash Management Agreement;

**Monthly Issuer Revenue Amount** has the meaning given to it at Schedule 4 (*Determination and Reconciliation*) of the Trust Property Cash Management Agreement;

**Monthly Issuer Principal Amount** has the meaning given to it at Schedule 4 (*Determination and Reconciliation*) of the Trust Property Cash Management Agreement;

**Monthly Portfolio Report** means a monthly electronic data file provided by the Administrator in relation to the Portfolio containing, *inter alia*, certain loan level information in a form that complies with the reporting requirements of the Bank of England from time to time;

**Moody's** means Moody's Investors Service Limited and includes any successor to its rating business;

**Mortgage** means for any Mortgage Loan, the first priority legal charge over a freehold or leasehold Mortgaged Property located in England and Wales or the first ranking Standard Security over a heritable or long leasehold Mortgaged Property located in Scotland;

**Mortgage Account** means as the context requires (i) all Mortgage Loans secured on the same Mortgaged Property and thereby forming a single mortgage account or (ii) an account maintained by the Administrator in respect of a particular Mortgage Loan to record all amounts due in respect of that Mortgage Loan (whether by way of principal, interest or otherwise) and all amounts received in respect thereof;

**Mortgage Deed** means, in relation to each Mortgage, the deed creating such Mortgage;

**Mortgage Loan Agreement** means, in relation to any Mortgage Loan, the agreement, any Mortgage Loan Conditions, facility letter or accepted formal loan offer pursuant to which the monies secured by the relevant Mortgage were advanced to the Borrower (as varied from time to time in accordance with its applicable terms and conditions);

**Mortgage Loan Conditions** means in relation to any Mortgage Loan the conditions applicable to that Mortgage Loan (including without limitation any set out in the relevant formal loan offer letter to Borrower);

**Mortgage Loan Documents** means, in relation to any Mortgage Loan, the Mortgage Loan Agreement, Mortgage Loan Conditions, Mortgage Deed, and any other related document;

**Mortgage Loan Files** means, in relation to each Mortgage Loan, the file or files (including files kept in microfiche format or similar electronic data retrieval system) containing correspondence between the Borrower and the Seller and including the Standard Mortgage Documentation applicable to that Mortgage Loan, each letter of offer in respect of such Mortgage Loan and other relevant documents;

**Mortgage Loans** means the residential mortgage loans originated by Landmark Mortgages Limited (formerly NRAM plc and Northern Rock (Asset Management) plc) or Clydesdale that form part of the Mortgage Portfolio and are beneficially assigned to the Mortgages Trustee on the Closing Date;

**Mortgage Payment** means the amount which the applicable mortgage conditions require the Borrower to pay in respect of its Mortgage Loan on each date on which the Borrower is required to make payments of interest and/or principal under the applicable mortgage conditions;

**Mortgage Payment Date** means, in respect of a Mortgage Loan, the due date for payment of interest (and, if applicable, principal) under the Mortgage Loan;

***Mortgage Portfolio*** means the Initial Mortgage Portfolio and any New Mortgage Loans added to the Mortgage Portfolio from time to time;

***Mortgage Rate*** means the rate at which interest accrues on a Mortgage Loan from time to time;

***Mortgage Sale Agreement*** means the mortgage sale agreement entered into on or about the Closing Date between the Seller, the Trust Property Cash Manager, the Mortgages Trustee, the Issuer and the Security Trustee;

***Mortgaged Properties*** means the residential properties which are security for the Mortgage Loans as they are described in the list of Mortgage Loans to be provided pursuant to clause 4.3(d) of the Mortgage Sale Agreement and ***Mortgaged Property*** means any of the Mortgaged Properties;

***Mortgages Trust*** means the trust of the Trust Property held by the Mortgages Trustee under the Mortgages Trust Deed;

***Mortgages Trust Deed*** means the mortgages trust deed entered into on or about the Closing Date between the Mortgages Trustee, the Issuer and the Seller;

***Mortgages Trustee*** means Gosforth Mortgages Trustee 2018-1 Limited, a private limited company incorporated under the laws of England and Wales whose registered office is at 8<sup>th</sup> Floor, 100 Bishopsgate, London EC2N 4AG with registered number 11444216;

***Mortgages Trustee Account Banks*** means the First Mortgages Trustee Account Bank and the Second Mortgages Trustee Account Bank or such other person for the time being acting as account bank to the Mortgages Trustee under the relevant Account Bank Agreement;

***Mortgages Trustee Available Principal Receipts*** in relation to any Trust Calculation Date, means Principal Receipts received during the previous Trust Calculation Period:

- (a) *less* the amount of any Mortgages Trustee Principal Receipts Reduction;
- (b) *plus*
  - (i) any VM Mortgages Trustee Account Recovered Amount, to the extent that such amount is applied to reduce the Mortgages Trustee Principal Receipts Reduction; and
  - (ii) any cash amounts standing to the credit of the Trust Replenishment Ledger at the relevant Trust Calculation Date;

***Mortgages Trustee Available Revenue Receipts*** will be calculated by the Trust Property Cash Manager on each Trust Calculation Date and will be an amount equal to the sum of:

- (a) Revenue Receipts on the Mortgage Loans received during the immediately preceding Trust Calculation Period;

- (i) *less* the amount of any Mortgages Trustee Revenue Receipts Reduction, and
- (ii) *plus* any VM Mortgages Trustee Account Recovered Amount, to the extent that such amount is applied to reduce the Mortgages Trustee Revenue Receipts Reduction; and
- (b) interest payable to the Mortgages Trustee on the Mortgages Trustee Transaction Accounts and the VM Mortgages Trustee Account and income received from any Permitted Investments, which has been received prior to the relevant Distribution Date; and
- (c) payments made by the Seller to the Mortgages Trustee to fund any Non-Cash Borrow-back as a result of payment holidays with respect to any Mortgage Loan in the Mortgage Portfolio during the immediately preceding Trust Calculation Period;

***Mortgages Trustee's Collection Portion*** means the portion in the Collection Account that is held on trust for the benefit of the Mortgages Trustee in accordance with the Collection Account Declaration of Trust;

***Mortgages Trustee Ledgers*** means all of the ledgers as are required to be maintained pursuant to clause 14 (*Ledgers*) of the Mortgages Trust Deed;

***Mortgages Trustee Notice*** has the meaning given to it in clause 6.5 of the Mortgage Sale Agreement;

***Mortgages Trustee Principal Priority of Payments*** means the provisions pursuant to which the Trust Property Cash Manager will apply the Mortgages Trustee Available Principal Receipts on each Distribution Date, as set forth in clause 9.2 (*Mortgages Trustee Principal Priority of Payments*) of the Mortgages Trust Deed;

***Mortgages Trustee Principal Receipts Reduction*** means, following a VM Mortgages Trustee Account Loss, the amount applied to reduce Mortgages Trustee Available Principal Receipts in accordance with the provisions of the Mortgages Trust Deed;

***Mortgages Trustee Principal Receipts Reduction Ledger*** means the ledger of such name created and maintained by the Trust Property Cash Manager on behalf of the Mortgages Trustee pursuant to the Trust Property Cash Management Agreement to record Mortgages Trustee Principal Receipts Reductions;

***Mortgages Trustee Priority of Payments*** means, as applicable, the Mortgages Trustee Revenue Priority of Payments and/or, as the case may be, the Mortgages Trustee Principal Priority of Payments;

***Mortgages Trustee Revenue Priority of Payments*** means the order in which the Trust Property Cash Manager will apply the Mortgages Trustee Available Revenue Receipts on each Distribution Date, as set out in clause 8.2 (*Mortgages Trustee Revenue Priority of Payments*) of the Mortgages Trust Deed;



***Mortgages Trustee Revenue Receipts Reduction*** means, following a VM Mortgages Trustee Account Loss, the amount applied to reduce Mortgages Trustee Available Revenue Receipts in accordance with the provisions of the Mortgages Trust Deed;

***Mortgages Trustee Revenue Receipts Reduction Ledger*** means the ledger of such name created and maintained by the Trust Property Cash Manager on behalf of the Mortgages Trustee pursuant to the Trust Property Cash Management Agreement to record Mortgages Trustee Revenue Receipts Reductions;

***Mortgages Trustee Transaction Accounts*** means the First Mortgages Trustee Transaction Account and the Second Mortgages Trustee Transaction Account;

***Mortgages Trustee Transaction Account Mandate*** means the resolutions, instructions, account opening forms (as applicable) and signature authorities relating to the Mortgages Trustee Transaction Accounts substantially in the form set out in Schedule 2 (*Form of Mortgages Trustee Transaction Account Mandate*) to each of the Account Bank Agreements;

***Most Senior Class*** means:

- (a) the Class A Notes; or
- (b) if no Class A Notes are then outstanding, the Class M Notes; or
- (c) if no Class A Notes or Class M Notes are then outstanding, the Class Z Notes;

***Net Issuer Amount*** means, in relation to any Interest Period the amount, if any, by which the Quarterly Issuer Amount exceeds the Quarterly SONIA Amount;

***Net Monthly Issuer Amount*** means, in relation to a Trust Calculation Date, the Net Issuer Amount for the Interest Period in which such Trust Calculation Date occurs, divided by three;

***New Mortgage Loans*** means additional Mortgage Loans sold by the Seller to the Mortgages Trustee and transferred on a Transfer Date;

***New Secured Creditor*** means any person which becomes a Secured Creditor pursuant to and in accordance with the Deed of Charge;

***Non-Cash Borrow-back*** means an Authorised Underpayment or authorised payment holiday under a Mortgage Loan;

***Non-Trust Amounts*** means:

- (a) amounts received from a Borrower in respect of:
  - (i) payments of insurance premia, (if any) due to the Seller in respect of any Seller-arranged insurance policy to the extent not paid or payable by the Seller (or, to the extent that such insurance premia have been paid by the Seller in respect of any

Further Advance granted in respect of any Mortgage Loan which is not re-purchased by the Seller, to reimburse the Seller);

- (ii) amounts under a direct debit which are repaid to the bank making such payment if such bank is unable to recoup that amount itself from its customer's account, which amounts may be paid daily from monies on deposit in the Mortgages Trustee Transaction Accounts or the VM Mortgages Trustee Account;
- (iii) other charges which are due to the Seller including, for the avoidance of doubt, Early Repayment Charges;
- (iv) any amount which represents an amount received from a Borrower which does not form part of that Borrower's Mortgage Account or comprise unpaid interest (but excluding, for the avoidance of doubt, any payments in arrears) as at the Closing Date and which is an amount owed by such Borrower in respect of any period prior to the Closing Date as and when identified by the Trust Property Cash Manager, which amount shall be for the account of the Seller; and

(b) any All Monies Mortgage Consideration;

**Note Acceleration Notice** has the meaning given to it in Condition 9(C) (*Class Z Noteholders*) and Schedule 3 (*Terms and Conditions of the Notes*) to the Trust Deed;

**Note Event of Default** has the meaning specified in Condition 9(A) (*Class A Noteholders*);

**Note Principal Payment** has the meaning given to it in Condition 5(D) (*Note Principal Payments, Principal Amount Outstanding and Pool Factor*) and Schedule 3 (*Terms and Conditions of the Notes*) to the Trust Deed;

**Note Transfer Regulations** means, in respect of the Notes, the regulations concerning the transfer of Notes as the same may be promulgated from time to time by the Issuer and approved by the Registrar and the Note Trustee (the initial such regulations being set out in schedule 3 (*Note Transfer Regulations concerning the transfer, exchange and registration of the Notes*) of the Paying Agent and Agent Bank Agreement;

**Note Trustee** means Citicorp Trustee Company Limited, a company incorporated in England and Wales with limited liability (registered number 00235914) whose registered office is at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, and includes its successors or any further or other trustee under the Trust Deed;

**Noteholders** means the Class A Noteholders, the Class M Noteholders and the Class Z Noteholders, or any of them as the context may require;

**Notes** means, as the context may require, any or all of the Class A Notes, the Class M Notes and the Class Z Notes;

**Notice to Noteholders** means, in respect of notice being given to the Noteholders, a notice duly given in accordance with Condition 14 (*Notice to Noteholders*) and Schedule 3 (*Terms and Conditions of the Notes*) to the Trust Deed;

**NRSRO** means any nationally recognised statistical rating organisation;

**NRSRO Certification** means a certification executed by a NRSRO in favour of the 17g-5 Information Provider substantially in the form of Schedule 4 (*Form of NRSRO Certificate*) to the Administration Agreement or in electronic form on the 17g-5 Information Provider's Website that states that such NRSRO has access to the 17g-5 Information Provider's Website, has provided the Issuer with the appropriate certifications under paragraph (e) of Rule 17g-5, and will treat all information obtained from the 17g-5 Information Provider's Website as confidential;

**Offer Conditions** means in relation to any Mortgage Loan the conditions applicable to that Mortgage Loan (including without limitation any set out in the relevant formal loan offer letter to the Borrower);

**Official List** means the official list of the UK Listing Authority;

**OFT** means the Office of Fair Trading;

**Original Currency Swap Agreement** means the ISDA master agreement, schedule, credit support annex and confirmations thereto relating to the US\$ Notes to be entered into on or about the Closing Date, as amended from time to time, between the Original Currency Swap Provider and the Issuer;

**Original Currency Swap Provider** means Lloyds Bank Corporate Markets plc;

**Original Exchange Rate** means the "Initial Exchange Rate" specified in the Original Currency Swap Agreement;

**Originators** means Landmark Mortgages Limited (formerly NRAM plc and Northern Rock (Asset Management) plc) and Clydesdale and **Originator** means either of them, as applicable;

**Other Parties** means the Transaction Parties other than the Issuer and each, an **Other Party**;

**outstanding** means, in relation to the Notes, all of the Notes other than:

- (a) those which have been redeemed in full in accordance with the Conditions;
- (b) those in respect of which the date for redemption, in accordance with the provisions of the Conditions, has occurred and for which the redemption monies (including all interest accrued thereon to such date for redemption) have been duly paid to the Note Trustee or the Principal Paying Agent in the manner provided for in the Paying Agent and Agent Bank Agreement (and, where appropriate, notice to that effect has been given to the Noteholders in accordance with the

Condition 14 (*Notice to Noteholders*)) and remain available for payment in accordance with the Conditions;

- (c) those which have become void under the Conditions;
- (d) those mutilated or defaced Notes which have been surrendered or cancelled and in respect of which replacement Notes have been issued pursuant to the Conditions;
- (e) any Global Note, to the extent that it shall have been exchanged for the related Definitive Notes pursuant to the provisions contained therein and the Conditions; and
- (f) the Principal Amount Outstanding of (and without prejudice to the status for any other purpose of the relevant Notes) those Notes which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to the Conditions,

**provided that** for each of the following purposes, namely:

- (i) the right to attend and vote at any meeting of Noteholders;
- (ii) the determination of how many and which Notes are for the time being outstanding for the purposes of Condition 11 (*Meeting of Noteholders, Modifications and Waiver*), Condition 15 (*Substitution*), Condition 9 (*Events of Default*) and the percentages referred to in Condition 10 (*Enforcement of Notes*) and the Provisions for Meetings of Noteholders; and
- (iii) any right, discretion, power or authority, whether contained in the Trust Deed or the Deed of Charge or provided by law, which the Note Trustee or the Security Trustee is required to exercise in or by reference to the interests of the Noteholders or any class of them,

(A) prior to the delivery of a Note Acceleration Notice, except for the purpose of considering and, if thought fit, passing an Extraordinary Resolution to sanction a proposed Basic Terms Modification, any US\$ Notes outstanding following the Class A1 Sterling Equivalent Redemption Date shall be deemed not to remain outstanding; and (B) those Notes (if any) which are for the time being held by Clydesdale or any holding company of Clydesdale or by any person for the benefit of Clydesdale or any holding company of Clydesdale shall (unless and until ceasing to be so held) be deemed not to remain outstanding;

**Participants** means persons that have accounts with Euroclear or Clearstream, Luxembourg;

**Pass-Through Trigger Event** means the occurrence of one of the following:

- (a) the Step-Up Date;
- (b) an Insolvency Event in respect of the Seller;

- (c) a material breach of the Transaction Documents by the Seller;
- (d) a debit entry is made on the Principal Deficiency Sub-Ledger for the Class Z Notes that is in excess of 1 per cent. of the total balance outstanding in respect of all Note Classes, that has not been cured on the next following Payment Date;
- (e) a Seller Share Event that has not been cured prior to the expiration of the Seller Share Event Cure Period;
- (f) the Liquidity Reserve Fund is not fully funded;
- (g) the aggregate Current Balance of the Mortgage Loans in the Mortgage Portfolio which are then in arrears for 3 months or more is greater than or equal to 4 per cent. of the aggregate Current Balance of all Mortgage Loans in the Mortgage Portfolio;
- (h) a Relevant Event has occurred and is continuing; or
- (i) if on a Trust Calculation Date immediately prior to performing the calculations, the balance on the Trust Replenishment Ledger is greater than or equal to 5 per cent. of the aggregate Current Balance of all the Mortgage Loans in the Mortgage Portfolio as at the last day of the Trust Calculation Period immediately preceding the Relevant Trust Calculation Date;

***Paying Agent and Agent Bank Agreement*** means the paying agent and agent bank agreement entered into on or about the Closing Date between the Principal Paying Agent, the Agent Bank, the Note Trustee and the Issuer;

***Paying Agents*** means the Principal Paying Agent and any other paying agent(s) which may be appointed from time to time pursuant to the Paying Agent and Agent Bank Agreement;

***Payment Calculation Date*** means the day falling two Business Days prior to each Payment Date;

***Payment Date*** means the 25<sup>th</sup> day of February, May, August and November in each year (or, if such day is not a Business Day, the next succeeding Business Day), with the first Payment Date being the Payment Date falling in November 2018;

***Performing Fixed Rate Mortgage Loan*** means those Fixed Rate Mortgage Loans which are not Defaulted Mortgage Loans;

***Performing Mortgage Loans*** means, together, the Performing Fixed Rate Mortgage Loans, the Performing Variable Rate Mortgage Loans and the Performing Tracker Rate Mortgage Loans and ***Performing Mortgage Loan*** means either of them, as applicable;

***Performing Tracker Rate Mortgage Loan*** means those Tracker Rate Mortgage Loans which are not Defaulted Mortgage Loans;

***Performing Variable Rate Mortgage Loan*** means those Variable Rate Mortgage Loans which are not Defaulted Mortgage Loans;

***Permitted Investments*** means (a) Sterling gilt-edged securities; and (b) Sterling demand or time deposits, certificates of deposit and short-term debt obligations (including commercial paper), **provided that** in all cases such investments:

- (a) in the case of investments with remaining maturities which are less than 30 days, have been given (i) either a short-term rating of at least F1 or a long-term rating of at least A by Fitch; and (ii) a rating of at least A3 by Moody's (or such other lower short-term or long-term rating by the relevant Rating Agency which would not affect their then current rating of the Class A Notes), and the unsecured, unguaranteed and unsubordinated debt obligations, or in the case of Moody's, the deposit rating, of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being an authorised person under the FSMA) are rated (A) either at least F1 by Fitch (short-term) or A by Fitch (long-term); and (B) at least A3 by Moody's (or such other lower short-term or long-term rating by the relevant Rating Agency which would not affect their then current rating of the Class A Notes); or
- (b) in the case of investments with remaining maturities which are greater than or equal to 30 days but less than three months, have been given (i) either a short-term rating of at least F1+ or (if a long-term rating is available) a long-term rating of at least AA- by Fitch (or such other lower short-term or long-term rating by the relevant Rating Agency which would not affect the then current rating of the Class A Notes by Fitch); and (ii) (A) the short-term deposit ratings of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being an authorised person under the FSMA) are rated at least P-1 by Moody's; (B) in the case of Fitch, either its default rating is at least F1+ (short-term) or (if the issuing or guaranteeing entity has a long-term rating) AA- by Fitch; and (C) a rating of at least A3 by Moody's (long-term deposit ratings) (or such other lower short-term or long-term rating by the relevant Rating Agency which would not affect their then current rating of the Class A Notes); or
- (c) money market funds that hold an Aaa-mf money market fund rating from Moody's and the highest rating from at least one other global rating agency and, if rated by Fitch, an AAA-mmf money market fund rating from Fitch; or
- (d) have a maturity date, in the case of the Issuer Transaction Accounts, of 90 days or less and mature on or before the next following Payment Date (unless the Interest Period in respect of such Payment Date is greater than 90 days, in which case the maturity date of the Permitted Investments may be greater than 90 days but less than or equal to the number of days in such Interest Period) and in the case of the Mortgages Trustee Transaction Accounts, of 1 month or less and

mature on or before the next following Distribution Date (unless the Trust Calculation Period in respect of such Distribution Date is greater than 30 days, in which case the maturity date of the Permitted Investments may be greater than 30 days but must be on or before the next Distribution Date) or may be broken or demanded by the Issuer or the Mortgages Trustee, as applicable (at no cost to the Issuer or the Mortgages Trustee, as applicable) on or before the next following Payment Date or Distribution Date, as applicable; and

- (e) do not, nor could they, consist, in whole or in part, actually or potentially, of tranches of other asset-backed securities, credit-linked notes, swaps or other derivatives instruments or synthetic securities; and
- (f) the obligors of such investments are incorporated, or, if they are natural persons, resident in the United Kingdom or the European Economic Area;

**Personal Data** means any personal data as defined in the Data Protection Laws;

**Pool Factor** has the meaning specified in Condition 5(D) (*Note Principal Payments, Principal Amount Outstanding and Pool Factor*);

**Potential Note Event of Default** means any event which may become (with the passage of time, the giving of notice, or the making of any determination or any combination thereof) a Note Event of Default;

**PRA** means the Prudential Regulation Authority;

**Previous Administrator Portfolio Information** has the meaning given to it at Schedule 4 (*Determination and Reconciliation*) of the Trust Property Cash Management Agreement;

**Principal Amount Outstanding** means, on any date in relation to a Note, the principal amount outstanding of that Note as at the Closing Date less the aggregate of all Note Principal Payments that have been paid in respect of that Note on or prior to that date;

**Principal Deficiency Ledger** means the ledger of such name established for the Issuer on the Closing Date to (i) record any principal deficiencies arising from Losses on the Mortgage Loans allocated by the Mortgages Trustee to the Issuer Share of the Trust Property (which shall include, at any time when the Seller Share is equal to zero, any set-off losses incurred in respect of the Mortgage Loans in the Mortgage Portfolio), (ii) the application of Issuer Available Principal Receipts to make up a Revenue Shortfall and (iii) any VM Issuer Account Loss to the extent applied to reduce Issuer Available Principal Receipts;

**Principal Deficiency Sub-Ledger** means either of the sub-ledgers which correspond to each of the Class A Notes, the Class M Notes and Class Z Notes respectively;

***Principal Excess Amounts*** has the meaning given to it in Condition 5(C) (*Termination of the Original Currency Swap Agreement*);

***Principal Ledger*** means the principal ledger established by the Trust Property Cash Manager on the Closing Date to record any Principal Receipts standing to the credit of the Mortgages Trustee Transaction Accounts and the VM Mortgages Trustee Account allocated by the Mortgages Trustee to the Issuer Share of the Trust Property;

***Principal Paying Agent*** means Citibank, N.A., London Branch acting through its office at Citigroup Centre, Canada Square, London E14 5LB, in its capacity as principal paying agent at its Specified Office initially appointed as a principal paying agent pursuant to the Principal Paying and Agent Bank Agreement or, if applicable, any successor principal paying agent at its Specified Office;

***Principal Receipts*** means any payment which the records of the Administrator show is received in respect of principal in respect of any Mortgage Loan, whether as all or part of a Mortgage Payment in respect of such Mortgage Loan, on redemption (including partial redemption) of such Mortgage Loan, on enforcement or on the disposal of such Mortgage Loan or otherwise (including payments pursuant to any insurance policy and such portion of the Repurchase Price in respect of any repurchases of Mortgage Loans by the Seller pursuant to the Mortgage Sale Agreement that represents the principal amount outstanding of such Mortgage Loan and including all proceeds of enforcement of an All Monies Mortgage representing principal that are due to the All Monies Mortgage Trustee) (and which may include the amount of any overpayment in respect of any Mortgage Loan) but excluding any amount of principal recovered in respect of a Denominator Reduction Amount and any Non-Trust Amounts;

***Principal Shortfall Amounts*** has the meaning given to it in Condition 5(C) (*Termination of the Original Currency Swap Agreement*);

***Priorities of Payments*** means the Issuer Pre-Acceleration Revenue Priority of Payments, the Issuer Pre-Acceleration Principal Priority of Payments and the Issuer Post-Acceleration Priority of Payments and each of them, a ***Priority of Payments***;

***Proceedings*** means any suit, action or proceedings arising out of or in connection with any of the Transaction Documents;

***Product Switch*** means any variation, including a change in product type, excluding the following variations:

- (a) a change between Interest-Only Mortgage Loans and Repayment Mortgage Loans, or vice versa;
- (b) a change of a party to a Mortgage Loan or a release of part of the land subject to the Mortgage;
- (c) any variation agreed with Borrowers to control or manage existing arrears on a Mortgage Loan; and



(d) any variation imposed by statute;

**Property** means Cash and Securities and any other property of any kind from time to time held by the Issuer Cash Swap Collateral Account Bank and the Issuer Securities Swap Collateral Account Bank, as applicable, for the Issuer pursuant to the Swap Collateral Account Bank Agreement;

**Property Deeds** means title deeds in respect of a Mortgaged Property;

**Prospectus** means the prospectus dated 19 September 2018 relating to the issue of the Notes;

**Prospectus Directive** means the EU Directive 2003/71/EC as amended;

**Prospectus Rules** means the prospectus rules issued by the FCA under Part VI of FSMA;

**Provisional Mortgage Portfolio** means the portfolio of mortgage loans compiled by the Seller from which the Mortgage Portfolio to be assigned to the Mortgage Trustee on the Closing Date will be selected;

**Provisional Mortgage Portfolio Information Date** means 30 April 2018;

**Provisions for Meetings of Noteholders** means the provisions for meetings of noteholders as set out in Schedule 4 (*Provisions for Meetings of Noteholders*) to the Trust Deed;

**Proxy** has the meaning specified in Schedule 4 (*Provisions for Meetings of Noteholders*) to the Trust Deed;

**QIB** means "qualified institutional buyer" within the meaning of Rule 144A;

**QP** means "qualified purchaser" within the meaning of Section 2(A)(51) of the Investment Company Act;

**Quarterly Issuer Amount** means an amount for each Calculation Period calculated by reference to the product of (i) the balance of the Performing Mortgage Loans in the Mortgage Portfolio for such period; and (ii) the weighted average interest rate in respect of the Performing Mortgage Loans for that period;

**Quarterly Issuer SONIA Amount** means an amount equal to the aggregate of the product of the Quarterly SONIA Amount and the Issuer Share Percentage;

**Quarterly SONIA Amount** means an amount calculated for each Calculation Period by reference to the product of:

- (a) the balance of the Performing Mortgage Loans in the Mortgage Portfolio for such period; and
- (b) Compounded Daily SONIA plus a spread;

For the purposes of this calculation, "Compounded Daily SONIA" shall be calculated by the Trust Property Cash Manager using (a) the applicable SONIA Reference Rate applicable from the beginning of the relevant Interest

Period to final day of the Trust Calculation Period and (b) the SONIA Reference Rate applicable on the final day of the Trust Calculation Period for the remainder of the Interest Period (with the resulting percentage rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards). By way of example, if the determination were required to be made for an April Trust Calculation Date, the Trust Property Cash Manager would make the calculation using the actual SONIA rates applicable for 25 February to 31 March with the relevant rate for 31 March to prevail for the remainder of the Interest Period;

***Rated Notes*** means the Class A Notes and the Class M Notes;

***Rates of Interest*** means the rates of interest payable in respect of the Notes, each a Rate of Interest as specified in Condition 4(C) (*Rates of Interest*) and ***Rate of Interest*** means any of the Rates of Interest;

***Rating Agencies*** means Moody's and Fitch;

***Ratings Downgrade*** means:

- (a) in respect of the Administrator, if the long-term issuer default ratings of the Administrator cease to be at least BBB- by Fitch or the counterparty risk assessment of the Administrator ceases to be rated at least Baa3(cr) by Moody's;
- (b) in respect of the Issuer Cash Manager, if the counterparty risk assessment of the Issuer Cash Manager ceases to be rated at least Baa3(cr) by Moody's; and
- (c) in respect of the Trust Property Cash Manager, if the counterparty risk assessment of the Trust Property Cash Manager ceases to be rated at least Baa3(cr) by Moody's,

in each case, or such other lower rating by the relevant Rating Agency which the relevant Rating Agency (at its discretion) confirms as sufficient in order to maintain the then current rating of the Rated Notes;

***Ratings Upgrade*** means, after the occurrence of a Ratings Downgrade, the conditions for a Ratings Downgrade in respect of the Administrator, the Issuer Cash Manager or the Trust Property Cash Manager (as applicable) are no longer met;

***Receiver*** means any person or persons (including an officer or officers of the Security Trustee) appointed to be a receiver, a manager, a receiver and manager or an administrative receiver of the Charged Property by the Security Trustee as it thinks fit pursuant to clause 9.1 (*Appointment*) of the Deed of Charge;

***Record Date*** means, in relation to each payment in respect of a Note, the opening of business in the place of the Registrar's Specified Office on the day (excluding Saturday, Sunday, 25 December and 1 January) before the due date for such payment;

**Reference Banks** has the meaning given to it in Condition 4(C) (*Rates of Interest*);

**Register** means the register in respect of the Notes maintained by the Registrar pursuant to the Conditions, the Trust Deed and Paying Agent and Agent Bank Agreement, containing (*inter alia*) details of the Noteholders and any transfer of the Notes;

**Registers of Scotland** means the Land Register of Scotland and/or the General Register of Sasines;

**Registered Land** means land, title to which is registered at the Land Registry;

**Registrar** means Citibank, N.A., London Branch, acting through its office at Citigroup Centre, Canada Square, London E14 5LB, initially appointed pursuant to the Paying Agent and Agent Bank Agreement or, if applicable, any successor registrar at its Specified Office;

**Regulated Market** means the London Stock Exchange's Regulated Market;

**Regulation D** means Regulation D under the Securities Act;

**Regulation Proceedings** means the main insolvency proceedings permitted under Annex A of the EU Regulation under the laws of England and Wales (as the law of the opening of main insolvency proceedings under the EU Regulation), including winding-up by or subject to the supervision of the Court, creditors' voluntary winding-up with confirmation by the Court, administration, including appointments made by filing prescribed documents with the Court and company voluntary arrangements;

**Regulation S** means Regulation S under the Securities Act;

**Regulation S Definitive Notes** means the definitive notes representing the Regulation S Notes (including any replacement notes), in substantially the form set out in Part A of Schedule 2 (*Form of Regulation S Definitive Note*) of the Trust Deed, in registered form;

**Regulation S Global Notes** means the global notes representing the Regulation S Notes (including any replacement notes), in substantially the form set out in Part A of Schedule 1 (*Form of Regulation S Global Note*) of the Trust Deed, in registered form without talons or coupons attached;

**Regulation S Notes** means the Notes of each Class that are initially offered and sold in reliance on Regulation S;

**Regulatory News Service** means the electronic information dissemination service operated by the London Stock Exchange;

**Related Security** means the security for repayment of a Mortgage Loan including the relevant Mortgage and all other matters applicable to the Mortgage Loan, acquired as part of the Mortgage Portfolio assigned to the Mortgages Trustee;

**Relevant Date** means the date on which the payment in respect of a Note first becomes due or (if the full amount of the monies payable in respect of those payments under all the Notes due on or before that date has not been duly received by the Principal Paying Agent or the Note Trustee on or prior to such date) the date on which the full amount of such monies having been so received or notice to that effect is duly given to Noteholders in accordance with Condition 14 (*Notice to Noteholders*) of the Notes;

**Relevant Screen Page** means the Reuters Screen SONIA Page or any other screen page as specified by the Issuer (or any replacement thereto);

**Relevant Entity** has the meaning specified in the definition of Insolvency Event;

**Relevant Event** has the meaning given to it in clause 5.1 of the Mortgage Sale Agreement;

**Relevant Margin** has the meaning given to in Condition 4(C) (*Rates of Interest*);

**Relevant Person** has the meaning given to it in clause 12.4 (*Avoidance of Payments*) of the Deed of Charge;

**Relevant Trust Calculation Date** means each Trust Calculation Date and the date on which the Mortgages Trust terminates;

**Repayment Mortgage Loan** means a Mortgage Loan in the Provisional Mortgage Portfolio that was advanced on a repayment basis, with principal and interest repaid on a monthly basis to the maturity date for that Mortgage Loan;

**Replacement Exchange Rate** means, following any termination of the Original Currency Swap Agreement (or any replacement Currency Swap Agreement) and the entry into of a replacement Currency Swap Agreement, the exchange rate as specified in that replacement Currency Swap Agreement;

**Replacement Instruments** means any Instruments which have been authenticated, effectuated (if required) and delivered by the Principal Paying Agent under the terms of the Paying Agent and Agent Bank Agreement as a replacement for any Instruments which have been mutilated or defaced or which are alleged to have been destroyed, stolen or lost (each a Replacement Instrument);

**Replenishment Criteria** means the following criteria to be satisfied in respect of any New Mortgage Loans:

- (a) the New Mortgage Loan is not in breach of the Loan Warranties as at the Transfer Date;
- (b) the Transfer Date falls before the Step-Up Date;
- (c) no Pass-Through Trigger Event has occurred or will occur as a result of the transfer;

- (d) if the Seller's short term issuer default rating is below F1 by Fitch or the Seller's short term unsecured, unsubordinated and unguaranteed debt rating is below P-1 by Moody's (or such other lower short term rating acceptable to the relevant Rating Agency), the Seller has provided to the Mortgages Trustee a solvency certificate (in form and substance acceptable to the Mortgages Trustee) signed by an authorised signatory of the Seller dated no earlier than the day falling three months prior to the relevant Transfer Date;
- (e) following the addition of the New Mortgage Loans to the Portfolio, the weighted average Current LTV Ratio of all Mortgage Loans in the Mortgage Portfolio will not exceed 65 per cent.;
- (f) following the addition of the New Mortgage Loans to the Portfolio, the outstanding Current Balance of any Mortgage Loans in the Mortgage Portfolio (including the relevant Further Advances) with an Original LTV ratio (calculated by dividing the original principal balance of the Mortgage Loan by the Original Valuation) of more than 85 per cent. will not exceed 15 per cent. of the aggregate Current Balance of the mortgage Loans in the Mortgage Portfolio;
- (g) following the addition of the New Mortgage Loans to the Portfolio, the outstanding Current Balance of the interest-only parts of the Mortgage Loans in the Mortgage Portfolio will not exceed 15 per cent. of the aggregate Current Balance of the Mortgage Loans in the Mortgage Portfolio;
- (h) following the addition of the New Mortgage Loans to the Portfolio, the weighted average portfolio yield is not less than Compounded Daily SONIA + 1.2693 per cent. (calculated on the basis set out in the Administration Agreement);
- (i) the Issuer has, where required, entered into appropriate hedging arrangements in respect of the New Mortgage Loans;
- (j) following the addition of the New Mortgage Loans to the Mortgages Portfolio, the weighted average life of the fixed rate period of the Fixed Rate Mortgage Loans in the Mortgage Portfolio is not more than 3 years;
- (k) following the addition of the New Mortgage Loans to the Mortgages Portfolio, the weighted average life of the variable rate period linked to the Bank of England base rate of the Tracker Rate Mortgage Loans in the Mortgage Portfolio is not more than 3 years;
- (l) the fixed rate period, or the variable rate period linked to the Bank of England base rate (as applicable), of each New Mortgage Loan ends before 25 August 2028; and
- (m) following the addition of the New Mortgage Loans to the Portfolio, the outstanding Current Balance of the Mortgage Loans in the Mortgage Portfolio where the primary borrower's employment status is classified

as self-employed will not exceed 30 per cent. of the aggregate Current Balance of the Mortgage Loans in the Mortgage Portfolio.

**Representative** of a holder of Definitive Notes has the meaning given to it in Schedule 4 (*Provisions for Meetings of Noteholders*) to the Trust Deed;

**Repurchase Price** means the price payable by the Seller upon the repurchase of any Mortgage Loan and its Related Security, an amount (not less than zero) equal to the Current Balance plus accrued and unpaid interest of such Mortgage Loan as of the date of completion of such repurchase plus expenses payable thereon to the date of repurchase;

**Required Filing** means:

- (a) in respect of the Issuer:
  - (i) the filing of the Prospectus with the Company Announcements Office of the London Stock Exchange;
  - (ii) the filing with the FCA and making available to the public of the Prospectus with the FCA in accordance with rule 3.2 of the Prospectus Rules; and
- (b) the registration of a correctly completed Form MR01 and an original executed copy of the Deed of Charge or (as applicable) the Scottish Supplemental Charge with the Registrar of Companies;

**Required Paying Agents** has the meaning given to the term in clause 15.2 (*Revocation*) of the Paying Agent and Agent Bank Agreement;

**Requirement of Law** in respect of any person means:

- (a) any law, treaty, rule, requirement or regulation;
- (b) a notice by or an order of any court having jurisdiction;
- (c) a mandatory requirement of any regulatory authority having jurisdiction; or
- (d) a determination of an arbitrator or governmental authority,

in each case applicable to or binding upon that person or to which that person is subject or with which it is customary for it to comply;

**Reserve Shortfall Payment Date** means a Payment Date on which the amount standing to the credit of the Liquidity Reserve Fund immediately prior to the operation of the Issuer Pre-Acceleration Revenue Priority of Payments on such Payment Date is less than the Liquidity Reserve Required Amount as at the immediately preceding Payment Date;

**Revenue Ledger** means the ledger of such name created and maintained by the Trust Property Cash Manager on behalf of the Mortgages Trustee pursuant to the Trust Property Cash Management Agreement to record Revenue Receipts received by the Mortgages Trustee and payment of the same to Beneficiaries on each Distribution Date;

**Revenue Receipts** means any payment received in respect of any Mortgage Loan, whether as all or part of a monthly payment in respect of such Mortgage Loan, on redemption (including partial redemption) of such Mortgage Loan, on enforcement of such Mortgage Loan (including the proceeds of sale thereof and including all proceeds of enforcement of an All Monies Mortgage representing revenues that are due to the Mortgage Trustee), on the disposal of such Mortgage Loan or otherwise (including payments pursuant to any insurance policy and payments of Repurchase Price by the Seller) which in any such case is not a Principal Receipt and any recovery (whether of principal or interest) in respect of a Denominator Reduction Amount (other than a recovery of a Recovered Amount in respect of a prior VM Mortgages Trustee Account Loss), other than any Non-Trust Amounts;

**Revenue Shortfall** means, as of any Payment Date and in respect of the Issuer, the deficit in the amount of Issuer Available Revenue Receipts to pay items (i) to (vii) and item (ix) of the Issuer Pre-Acceleration Revenue Priority of Payments on such Payment Date;

**Right to Buy Mortgage Loan** means a loan entered into by a borrower as a means to purchase, refinance or improve a residential property from a local authority or certain other landlords under right to buy schemes which are subject to the provisions of the Housing Act 1985 (as amended by the Housing Act 2004) (in the case of English Mortgages) or (as applicable) the Housing (Scotland) Act 1987 (as amended by the Housing (Scotland) Act 2001) (in the case of Scottish Mortgages);

**Rule 144A** means Rule 144A of the Securities Act;

**Rule 144A Definitive Notes** means the definitive notes representing the Rule 144A Notes (including any replacement notes), in substantially the form set out in Part B of Schedule 2 (*Form of Rule 144A Definitive Note*) of the Trust Deed, in registered form;

**Rule 144A Global Notes** means the global notes representing the Rule 144A Notes (including any replacement notes), in substantially the form set out in Part B of Schedule 1 (*Form of Rule 144A Global Note*) of the Trust Deed, in registered form without talons or coupons attached;

**Rule 144A Notes** means the Notes of each Class that are initially offered and sold in reliance on Rule 144A;

**Rule 144A Legend** means the Rule 144A legend set out in the form of the Rule 144A Global Note or, as applicable, the form of the Rule 144A Definitive Note set out in Part B of Schedule 1 (*Form of Rule 144A Global Note*) and Part B of Schedule 2 (*Form of Rule 144A Definitive Note*) respectively of the Trust Deed;

**Rule 17g-5** means Rule 17g-5 under the Securities Exchange Act of 1934;

**Rules** means the rules and regulations of any Clearing System or any order of a court with competent jurisdiction or any applicable laws, regulations

(including, without limitation, the FCA Rules) or fiscal requirements, or the rules or operating procedures of any relevant stock exchange or market;

***Sasine Transfer*** means an assignation of any Scottish Mortgages recorded (or subject to an application for recording) in the General Register of Sasines to be granted pursuant to clause 5.3(b) of the Mortgage Sale Agreement substantially in the form set out in Part C (*Form of Transfer (Sasine Register) – Scotland*) of Schedule 2 thereto;

***Scottish Declaration of Trust*** means the declaration of trust in respect of Scottish Mortgage Loans and their Related Security made by Clydesdale in favour of the Mortgages Trustee and by the Mortgages Trustee on the Closing Date pursuant to the Mortgage Sale Agreement, as updated by any trust supplement, substantially in the form set out in Schedule 7 (*Scottish Declaration of Trust*) thereto;

***Scottish Mortgage*** means a Mortgage secured over a Scottish Mortgaged Property;

***Scottish Mortgage Loan*** means a Mortgage Loan secured by a Scottish Mortgage;

***Scottish Mortgaged Property*** means a Mortgaged Property located in Scotland;

***Scottish Opinion*** means the opinion dated the Closing Date given by CMS Cameron McKenna in relation to matters of Scots law;

***Scottish Supplemental Charge*** means an assignation in security of the interest of the Issuer under the Scottish Declaration of Trust granted by the Issuer in favour of the Security Trustee on the Closing Date pursuant to the Deed of Charge substantially in the form set out in Schedule 5 (*Form of Scottish Supplemental Charge*) thereto;

***Scottish Transfers*** means an SLR Transfer and/or a Sasine Transfer;

***Scottish Trust*** means the trust constituted by the Scottish Declaration of Trust;

***Scottish Trust Property*** has the meaning given to it in the Scottish Declaration of Trust;

***Scottish Trust Supplement*** means a supplement deed to the Scottish Declaration of Trust in respect of any New Mortgage Loans which are Scottish Mortgage Loans and their Related Security made by Clydesdale in favour of the Mortgages Trustee and by the Mortgages Trustee on the relevant Transfer Date pursuant to the Mortgage Sale Agreement, as updated by any trust supplement, substantially in the form set out in the Annexure to Schedule 7 (*Scottish Declaration of Trust*) thereto;

***Screen Rate*** means Reuters Screen LIBOR01 Page (or (a) such other page as may replace the Reuters Screen LIBOR01 Page for the purpose of displaying such information or (b) if Reuters ceases to display such information, such replacement service displaying such information and, if the Screen Rate is



unavailable then the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Cash Managers at their request quoted by two CM Reference Banks;

***Second Account Bank Agreement*** means the account bank agreement entered into on or about the Closing Date between the Second Issuer Account Bank, the Second Mortgages Trustee Account Bank, the Issuer, the Mortgages Trustee, the Issuer Cash Manager, the Trust Property Cash Manager and the Security Trustee;

***Second Issuer Account Bank*** means Elavon Financial Services DAC, UK Branch, acting in its capacity as account bank to the Issuer pursuant to the Second Account Bank Agreement;

***Second Issuer Transaction Account*** means the account in the name of the Issuer (sort code 40-50-81, account number 737840-01) held at the Second Issuer Account Bank and maintained subject to the terms of the Second Account Bank Agreement or such additional or replacement bank account of the Issuer as may for the time being be in place;

***Second Issuer Transaction Account Balance*** has the meaning specified in clause 3.4(b) (*Interest*) of the Second Account Bank Agreement;

***Second Issuer Transaction Account Rate*** has the meaning specified in clause 3.4(b) (*Interest*) of the Second Account Bank Agreement;

***Second Mortgages Trustee Account Bank*** means Elavon Financial Services DAC, UK Branch in its capacity as account bank to the Mortgages Trustee pursuant to the Second Account Bank Agreement;

***Second Mortgages Trustee Transaction Account*** means the account in the name of the Mortgages Trustee (sort code 40-50-81, account number 737840-02) held at the Second Mortgages Trustee Account Bank and maintained subject to the terms of the Second Account Bank Agreement or such additional or replacement bank account of the Mortgages Trustee as may for the time being be in place;

***Second Mortgages Trustee Transaction Account Balance*** has the meaning specified in clause 3.4(a) (*Interest*) of the Second Account Bank Agreement;

***Second Mortgages Trustee Transaction Account Rate*** has the meaning specified in clause 3.4(a) (*Interest*) of the Second Account Bank Agreement;

***Second Transaction Accounts*** means the Second Issuer Transaction Account and the Second Mortgages Trustee Transaction Account;

***Second Transaction Account Bank*** means the Second Issuer Account Bank and the Second Mortgages Trustee Account Bank;

***Second Transaction Account Bank Rate Letter*** means the letter entered into between the Issuer and the Second Transaction Account Bank relating to the Second Mortgages Trustee Transaction Account Rate;

***Secured Creditors*** means the Note Trustee, the Security Trustee (and any receiver appointed pursuant to the Deed of Charge), the Basis Rate Swap Provider, the Currency Swap Provider, the Subordinated Loan Provider, the Issuer Cash Manager, the Corporate Services Provider, the Issuer Account Banks, the Issuer Swap Collateral Account Banks, the VM Issuer Account Bank, the Paying Agents, the Agent Bank, the Transfer Agent, the Registrar and the Noteholders and any party who accedes to the Deed of Charge as a Secured Creditor;

***Secured Obligations*** means the aggregate of all amounts which from time to time are or may become due, owing or payable by the Issuer to each, some or any of the Secured Creditors under the Notes or the Transaction Documents;

***Securities*** means any safe custody investments and custody assets (as such terms are defined in the FCA Rules) including but not limited to shares, stocks, debentures, derivatives, bonds, warrants, securities or other similar property (including evidence of, title to and all rights in respect of such safe custody investments and custody assets) which are capable of being held by the Issuer Securities Swap Collateral Account Bank for and/or on behalf of the Issuer pursuant to the Swap Collateral Account Bank Agreement;

***Securities Act*** means the United States Securities Act of 1933;

***Securitisation Regulation*** means Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017;

***Securitisation Regulations*** means the Securitisation Regulation and the CRR Amending Regulation;

***Security Interest*** means any mortgage or sub-mortgage, Standard Security, charge or sub-charge (whether legal or equitable), encumbrance, pledge, lien, hypothecation, assignment by way of security, assignation in security, or other security interest or title retention arrangement or right of set-off and any agreement, trust or arrangement having substantially the same economic or financial effect as any of the foregoing (other than a lien arising in the ordinary course of business or by operation of the law);

***Security Power of Attorney*** for the Issuer means the power of attorney granted by the Issuer in favour of the Security Trustee on the Closing Date;

***Securities Swap Collateral Account Mandate*** means the Custody Account mandate set out at Schedule 3 of the Swap Collateral Account Bank Agreement;

***Security Trustee*** means Citicorp Trustee Company Limited, a company incorporated in England and Wales with limited liability (registered number 00235914) whose registered office is at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, and includes its successors or any further or other trustee under the Deed of Charge;

***Seller*** means Clydesdale, acting in its capacity as seller of the Mortgage Loans under the Mortgage Sale Agreement and certain other Transaction Documents;

***Seller Cash Contribution*** means an additional cash contribution to the Mortgages Trust from time to time in order to cure a Seller Share Event or ensure that a Seller Share Event does not occur or otherwise to increase the Seller Share of the Trust Property;

***Seller Principal Payment Amount*** means with respect to a Trust Calculation Period, the amount of the Mortgages Trustee Available Principal Receipts (if any available) in respect of a Trust Calculation Period which are due to be distributed to the Seller following distribution of the Mortgages Trustee Available Principal Receipts to the Issuer on the immediately following Distribution Date following such Trust Calculation Period in accordance with the Mortgages Trustee Priority of Payments;

***Seller Revenue Share*** means, in respect of any Trust Calculation Date, the total amount of the Mortgages Trustee Available Revenue Receipts on such Trust Calculation Date *minus* the Issuer Revenue Share as at such Trust Calculation Date;

***Seller Share*** on any Relevant Trust Calculation Date has the meaning given to it in clause 7.3(b) (*Current Seller Share Percentage and Current Seller Share on a Trust Calculation Date*) of the Mortgages Trust Deed;

***Seller Share Event*** means, on a Trust Calculation Date which occurs whilst any Notes remain outstanding, the Seller Share on that Trust Calculation Date either is or would be less than the Minimum Seller Share for such Trust Calculation Date (determined, for the purposes of this calculation only, on the assumption that distributions of the Mortgages Trustee Available Principal Receipts due on the immediately following Distribution Date are made in accordance with the Mortgages Trustee Principal Priority of Payments as if no Seller Share Event had occurred but taking into account any Mandatory Seller Cash Contribution made on the immediately following Distribution Date);

***Seller Share Event Cure Period*** has the meaning given to it at clause 7.9 (*Seller Share Event and Cure*) of the Mortgages Trust Deed;

***Seller Share Event Distribution Date*** means a Distribution Date relating to a Trust Calculation Date on which a Seller Share Event occurs;

***Seller Share Percentage*** on any Relevant Trust Calculation Date has the meaning given to it in clause 7.4 (*Current Seller Share Percentage and Current Seller Share on a Trust Calculation Date*) of the Mortgages Trust Deed;

***Seller's Collection Portion*** means the portion in the Collection Account that is held on trust for the benefit of the Seller in accordance with the Collection Account Declaration of Trust;

***Seller's Power of Attorney*** means the power of attorney granted by the Seller in favour of the Mortgages Trustee on the Closing Date;

***Service Level Definition*** means, in relation to the Issuer Cash Swap Collateral Account Bank, its service level definition for the provision of the services contained in the Standard Custody Terms and Conditions, as amended from

time to time, and in relation to the Issuer Securities Swap Collateral Account Bank, its service level definition for the provision of the services as contained in the Standard Custody Terms and Conditions, as amended from time to time;

**Share Percentage** means the Issuer Share Percentage or the Seller Share Percentage, as the case may be;

**Share Trustee** means the Law Debenture Intermediary Corporation plc, a public limited company incorporated in England and Wales (registered number 1525148) whose registered office is at 8<sup>th</sup> Floor, 100 Bishopsgate, London EC2N 4AG;

**Share Trust Deed** means the share trust deed made by the Share Trustee in relation to Holdings made on 31 July 2018;

**SLR Transfer** means an assignation of Scottish Mortgages registered (or subject to an application for registration) in the Land Register of Scotland to be granted pursuant to clause 5.3(b) of the Mortgage Sale Agreement substantially in the form set out in Part B (*Form of Transfer (Land Register Scotland)*) of Schedule 2 thereto;

**Solvency II Regulation** means Regulation (EU) no. 35/2015;

**SONIA** means the Sterling Overnight Index Average;

**SONIA<sub>i-5LBD</sub>** means, in respect of any London Banking Day falling in the relevant Interest Period, the SONIA Reference Rate for the London Banking Day falling five London Banking Days prior to the relevant London Banking Day;

**SONIA Reference Rate** means, in respect of any London Banking Day, a reference rate equal to the daily Sterling Overnight Index Average (**SONIA**) rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors (on the London Banking Day immediately following such London Banking Day);

**Specified Office** means as the context may require, in relation to any of the Agents, the office specified against the name of such Agent in Schedule 1 to the Paying Agent and Agent Bank Agreement or such other specified office as may be notified to the Issuer and the Note Trustee pursuant to the Paying Agent and Agent Bank Agreement;

**Spot Rate** means, on any day, the spot rate of exchange available that day offered by a bank selected by the Issuer Cash Manager for the purchase of US dollars with Sterling, provided that in no event shall the Issuer Cash Manager be liable to the Issuer or any other person for the spot rate of exchange so obtained (including if a spot rate of exchange more favourable to the Issuer could have been obtained from another bank);

**SPV Criteria** has the meaning given to it in clause 16.1 (*Procedure*) of the Trust Deed;

**SRR** means the special resolution regime to stabilise banks that are in financial difficulties;

**Standard Custody Terms and Conditions** means the Elavon Financial Services DAC, UK Branch terms and conditions as set out in full in Schedule 2 (*Standard Custody Terms and Conditions*) to the Swap Collateral Account Bank Agreement, and **Standard Condition** shall be construed accordingly;

**Standard Documentation** or **Standard Mortgage Documentation** or **Standard Mortgage Loan Documentation** means the standard documentation referred to in Schedule 7 (*Standard Documentation*) to the Mortgage Sale Agreement;

**Standard Security** means a heritable security created by a standard security over any interest in land in Scotland in terms of the Conveyancing and Feudal Reform (Scotland) Act 1970;

**Standard Variable Rate** or **SVR** means, as applicable, the Clydesdale standard variable mortgage base rate and/or the standard variable mortgage base rate applicable to Mortgage Loans within the Mortgages Trust in accordance with the Mortgage Loan Conditions;

**Standard Variable Rate Mortgage Loan** means a Mortgage Loan subject to the Seller's standard variable rate for the life of the Mortgage Loan;

**Step-Up Date** means:

- (a) in respect of the Class A1 Notes, the Payment Date falling in August 2023;
- (b) in respect of the Class A2 Notes, the Payment Date falling in August 2023;
- (c) in respect of the Class A3 Notes, the Payment Date falling in August 2023; and
- (d) in respect of the Class M Notes, the Payment Date falling in August 2023;

**Sterling Equivalent Principal Amount Outstanding** means:

- (a) in relation to any Sterling Note, the Principal Amount Outstanding;
- (b) in relation to any US\$ Note:
  - (i) if the Original Currency Swap Agreement has not terminated early, the Sterling equivalent of the Principal Amount Outstanding of that US\$ Note converted at the Original Exchange Rate (and rounded to the nearest whole penny); or
  - (ii) if the Original Currency Swap Agreement has terminated early (and irrespective of whether a replacement Currency Swap Agreement has been entered into), the Deemed Principal Amount Outstanding,

as calculated by the Issuer Cash Manager;

***Sterling Interest Determination Date*** means, in respect of the Sterling Notes, the fifth London Banking Day before the Payment Date for which the rate will apply;

***Sterling Notes*** means, as the context may require, any or all of the Class A2 Notes, the Class A3 Notes, the Class M Notes and the Class Z Notes;

***Subordinated Loan*** means the Initial Subordinated Loan and any Further Subordinated Loan provided to the Issuer by the Subordinated Loan Provider;

***Subordinated Loan Agreement*** means the subordinated loan agreement entered into on or about the Closing Date, between the Subordinated Loan Provider, the Issuer, the Issuer Cash Manager and the Security Trustee;

***Subordinated Loan Interest Period*** has the meaning specified in the Subordinated Loan Agreement;

***Subordinated Loan Provider*** means Clydesdale, or such other person for the time being acting as the subordinated loan provider pursuant to the Subordinated Loan Agreement;

***Subscription Agreement*** means the subscription agreement dated on or about 14 September 2018 between the Arrangers, the Joint Lead Managers, the Seller, the Issuer and the Mortgages Trustee relating to the sale of the Notes;

***Subsidiary*** means (a) a subsidiary as defined in Section 1159 of the Companies Act 2006 and (b) unless the context requires otherwise, a ***subsidiary undertaking*** within the meaning of Section 1162 of the Companies Act 2006;

***Substituted Obligor*** has the meaning given to it in clause 16.1 (*Procedure*) of the Trust Deed;

***Swap Agreements*** means the Basis Rate Swap Agreements and the Currency Swap Agreement;

***Swap Collateral*** means any collateral posted in connection with a Swap Agreement;

***Swap Collateral Account Bank Agreement*** means the swap collateral account bank agreement entered into on or about the Closing Date between, *inter alios*, the Issuer, the Issuer Swap Collateral Account Banks, the Issuer Cash Manager and the Security Trustee;

***Swap Collateral Account Mandates*** means, in relation to any Issuer Swap Collateral Account, the resolutions, instructions and signature authorities relating to such Issuer Swap Collateral Account substantially in the form of Schedule 3 (*Swap Collateral Account Mandate*) of the Swap Collateral Account Bank Agreement, as the same may be modified from time to time;

***Swap Collateral Income*** means interest payments accruing to the Issuer in respect of the Property;

**Swap Collateral Instruction** means any instruction in relation to the Property received by the Issuer Cash Swap Collateral Account Bank or the Issuer Securities Swap Collateral Account Bank and given or purporting to have been given by the Issuer or the Cash Manager or the Security Trustee or their respective Authorised Signatories via such media as shall be permitted by the applicable Issuer Swap Collateral Account Bank's service level definition, including (but without limitation) all instructions received by the applicable Issuer Swap Collateral Account Bank by authenticated SWIFT message or any other agreed electronic communication system and/or any default or standing instruction put in place by the Issuer or the Cash Manager relating to the Issuer Swap Collateral Accounts;

**Swap Collateral Ledger** means, in respect of each Swap Agreement, the ledger maintained in respect thereof and referred to in paragraph 10 (*Swap Collateral Ledgers*) of Schedule 2 (*Cash Management and Maintenance of Ledgers*) of the Issuer Cash Management Agreement;

**Swap Collateral Services** means the following core custodial services to be provided by the Issuer Swap Collateral Account Bank to the Issuer in respect of the Property:

- (a) set up and maintenance of securities records;
- (b) set up and maintenance of the Custody Accounts;
- (c) safe custody of assets;
- (d) collection of Swap Collateral Income;
- (e) collection of principal repayments;
- (f) Corporate Action processing;
- (g) voting processing; and
- (h) standard custody and electronic reporting;

**Swap Early Termination Event** means:

- (a) in relation to each Swap Agreement, at the option of one party to the Swap, if there is a failure by the other party to pay any amounts due and payable in accordance with the terms of that Swap Agreement;
- (b) if a Note Acceleration Notice is served in relation to the Class A Notes;
- (c) in respect of the Basis Rate Swap Agreements, if a Redemption Notice has been given under Condition 5(E) (*Optional Redemption in Full*) in respect of the Class A Notes;
- (d) if an irrevocable notice of redemption has been given under Condition 5(F) (*Optional redemption for Tax and other Reasons*) in respect of (i) in the case of the Basis Rate Swap Agreements, the Class A Notes, (ii) in the case of the Original Currency Swap Agreement, the US\$ Notes;

- (e) upon the occurrence of an Insolvency Event in relation to the relevant Swap Provider or the merger of the relevant Swap Provider without an assumption of the obligations under the swaps, or changes in law resulting in the obligations of one of the parties becoming illegal;
- (f) if an amendment to or waiver under the Transaction Documents is made that materially and adversely affects the relevant Swap Provider without the relevant Swap Provider's consent; and
- (g) if the relevant Swap Provider is downgraded and fails to comply with the requirements of the ratings downgrade provision contained in the relevant Swap Agreement;

**Swap Excess Reserve Account** means a US Dollar account to be opened by the Issuer Cash Manager in the name of the Issuer with an Issuer Account Bank as soon as reasonably practicable following the termination of the Original Currency Swap Agreement;

**Swap Providers** means the Basis Rate Swap Provider and the Currency Swap Provider;

**SWIFT** means Society for Worldwide Interbank Financial Telecommunication;

**Target Amortisation Amount** means, as the context may require, the Class A1 Target Amortisation Amount or the Class A2 Target Amortisation Amount;

**Tax Authority** means any government, state, municipal, local, federal or other fiscal, revenue customs or excise authority, body or official anywhere in the world;

**Taxes** means all present and future taxes, levies, imposts, duties (other than stamp duty), fees, deductions, withholdings or charges of any nature whatsoever and wheresoever imposed, including, without limitation, value added tax or other tax in respect of added value and any franchise, transfer, sales, gross receipts, use, business, occupation, excise, personal property, real property or other tax imposed by any national, local or supranational taxing or fiscal authority or agency together with any penalties, fines or interest thereon and **Tax** and **Taxation** shall be construed accordingly;

**Tax Securitisation Regulations** means the Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296);

**Terms and Conditions** has the same meaning as Conditions;

**Title Deeds** means, in relation to each Mortgage Loan and its Related Security and the Mortgaged Property relating thereto, all conveyancing deeds and documents which make up the title to the Mortgaged Property and the security for the Mortgage Loan and all searches and enquiries undertaken in connection with the grant by the Borrower of the related Mortgage;

**Tracker Rate Mortgage Loan** means an Everyday Tracker Mortgage Loan and/or a Flexible Tracker Rate Mortgage Loan;



**Tracker Rate Mortgage Loan Balance** has the meaning given to it in the Basis Rate Swap Agreements in respect of the Tracker Rate Mortgage Loans;

**Transaction Account Bank** means either the First Transaction Account Bank or the Second Transaction Account Bank, as applicable;

**Transaction Account Mandates** means the Mortgages Trustee Transaction Account Mandates and/or the Issuer Transaction Account Mandates, as the context requires;

**Transaction Accounts** means the Issuer Transaction Accounts and/or the Mortgages Trustee Transaction Accounts, as the context requires;

**Transaction Documents** means the Notes, the Account Bank Agreements, the VM Mortgages Trustee Account Bank Agreement, the VM Issuer Account Bank Agreement, the Administration Agreement, the Collection Account Declaration of Trust, the Corporate Services Agreement, the Mortgage Sale Agreement, the Mortgages Trust Deed, the Beneficiaries Deed, the Deed of Charge, the Trust Deed, the Paying Agent and Agent Bank Agreement, the Issuer Cash Management Agreement, the Trust Property Cash Management Agreement, the Basis Rate Swap Agreements, the Currency Swap Agreement, the Subordinated Loan Agreement, the Swap Collateral Account Bank Agreement, this Master Definitions and Construction Schedule, the Scottish Declaration of Trust, the Scottish Supplemental Charge and such other related documents which are referred to in the terms of the above documents and any other document designated as a Transaction Document by the Issuer;

**Transaction Party** means each of the Note Trustee, Security Trustee, the Originator, the Issuer Cash Manager, the 17g-5 Information Provider, the Trust Property Cash Manager, the Principal Paying Agent, the Agent Bank, the Transfer Agent, the Registrar, the Issuer Account Banks, the Mortgages Trustee Account Banks, the Issuer Swap Collateral Account Banks, the Administrator, the Back-Up Administrator Facilitator, the Seller, the Issuer, the Mortgages Trustee, Holdings, the Subordinated Loan Provider, the Basis Rate Swap Provider, the Collection Bank, the VM Issuer Account Bank, the VM Mortgages Trustee Account Bank, the Currency Swap Provider and the Corporate Services Provider;

**Transfer Agent** means Citibank, N.A., London Branch, acting through its office at Citigroup Centre, Canada Square, London E14 5LB, initially appointed pursuant to the Paying Agent and Agent Bank Agreement or, if applicable, any successor transfer agent at its Specified Office;

**Transfer Date** means the relevant date of transfer of New Mortgage Loans to the Mortgages Trustee;

**Transfer Order** means the Northern Rock plc Transfer Order 2009 (SI 2009/3226), made under Section 8 of the Banking (Special Provisions) Act 2008;

**Transfers** means each assignment of Mortgage Loans and Related Security granted pursuant to clause 5.3 of the Mortgage Sale Agreement;

**Treaty** means the Treaty on the Functioning of the European Union;

**Trust Calculation Date** means the day falling one Business Day prior to each Distribution Date;

**Trust Calculation Period** means the period from (and including) the first date of each calendar month (or in the case of the first Trust Calculation Period, the Closing Date) to (and including) the last day of the same calendar month;

**Trust Deed** means the trust deed entered into on or about the Closing Date between the Issuer and the Note Trustee as trustee for the Noteholders;

**Trust Document** has the meaning given to it in clause 16.1 (*Procedures*) of the Trust Deed;

**Trust Property** means (without double counting):

- (a) the sum of £100 settled on the date of the Mortgages Trust Deed by the Seller and the Issuer (as to £50 each);
- (b) the Initial Mortgage Portfolio beneficially assigned to the Mortgages Trustee by the Seller on the Closing Date including the Mortgage Loans and their Related Security (save that, following the enforcement of any All Monies Mortgage where Associated Debt exists in relation to that All Monies Mortgage, the enforcement proceeds will not form part of the Trust Property until they are released from the All Monies Mortgage Trust in accordance with the Mortgage Sale Agreement) and any additions thereto, resulting from Borrow-backs (and any capitalised interest thereon) made by Borrowers, and, if it is transferred at any time to the Mortgages Trustee, the legal title to the Initial Mortgage Portfolio including the Mortgage Loans and their Related Security to the extent that the same have not been repurchased by the Seller pursuant to the terms of the Mortgage Sale Agreement;
- (c) any New Mortgage Loans beneficially assigned to the Mortgages Trustee by the Seller on a Transfer Date including the New Mortgage Loans and their Related Security pursuant to the terms of the Mortgage Sale Agreement;
- (d) any interest and principal paid by Borrowers on their Mortgage Loans on or after the Closing Date;
- (e) any other amounts received under or in connection with the Mortgage Loans and Related Security on or after the Closing Date and any amount paid under any insurance policy in relation to a Mortgaged Property and warranty and indemnity payments to the Mortgages Trustee pursuant to the Transaction Documents, other than any Non-Trust Amounts;
- (f) any contribution, including any Seller Cash Contribution and any Mandatory Seller Cash Contribution, paid by the Seller to the Mortgages Trustee on or after the Closing Date for application in accordance with the terms of the Mortgages Trust Deed;

- (g) amounts on deposit (and interest earned on such amounts) in the Mortgages Trustee Transaction Accounts and the VM Mortgages Trustee Account and amounts invested (and interest earned on such amounts) in Permitted Investments; and
- (h) the proceeds of the repurchase of any Mortgage Loan and its Related Security by the Seller pursuant to the terms of the Mortgage Sale Agreement;

***Trust Property Cash Management Agreement*** means the cash management agreement dated on or about the Closing Date between, the Trust Property Cash Manager, the Issuer, the Mortgages Trustee and the Security Trustee;

***Trust Property Cash Management Services*** means the cash management services set out in the Trust Property Cash Management Agreement, including Schedules 1 (*The Trust Property Cash Management Services*), 2 (*Cash Management and Maintenance of Ledgers*) and 4 (*Determination and Reconciliation*) to be provided by the Trust Property Cash Manager to the Mortgages Trustee pursuant to the Trust Property Cash Management Agreement;

***Trust Property Cash Manager*** means Clydesdale, or such other person for the time being acting as trust property cash manager under the Trust Property Cash Management Agreement which expression shall include such other person as may be appointed from time to time as trust property cash manager pursuant to the Trust Property Cash Management Agreement;

***Trust Property Cash Manager Termination Events*** has the meaning given in clause 12.1 (*Trust Property Cash Manager Termination Events*) of the Trust Property Cash Management Agreement;

***Trust Replenishment Ledger*** means the ledger of such name to record Seller Cash Contributions created and maintained by the Trust Property Cash Manager on behalf of the Mortgages Trustee pursuant to the Trust Property Cash Management Agreement;

***Trustee Acts*** means the Trustee Act 1925 and the Trustee Act 2000;

***TSC Regulations*** means the Taxation of Securitisation Companies Regulations 2006;

***UK GAAP*** means the UK Financial Reporting Standards;

***UK Listing Authority*** means the Financial Conduct Authority in its capacity as competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000;

***Unauthorised Underpayment*** means an underpayment made by a Borrower (a) which cannot be funded by prior overpayments and (b) where the Borrower is not entitled to a payment holiday;

***Underpayment*** means a monthly payment on a Mortgage Loan which is less than the required monthly payment;

***Unpaid Interest*** means in relation to any Non-Cash Borrow-back, the interest which would, but for the Non-Cash Borrow-back, have been payable in respect of the Mortgage Loan on the relevant Mortgage Payment Date for such Mortgage Loan;

***Unpaid Interest Amount*** means the amount of the Unpaid Interest in relation to any Non-Cash Borrow-back;

***US\$, dollar or US dollars*** means the lawful currency for the time being of the United States of America.;

***US\$ Interest Determination Date*** means, in respect of the Class A1 Notes, the second Business Day prior to the first day of the Interest Period for which the rate will apply or, in respect of the first Interest Period, the second Business Day prior to the Closing Date;

***US\$ Notes*** means the Class A1 Notes;

***US\$ Rule 144A Global Note*** means the Rule 144A Global Note representing the Class A1 Notes;

***UTCCR*** means the Unfair Terms in Consumer Contracts Regulations 1999 and the Unfair Terms in Consumer Contracts Regulations 1994;

***Variable Rate Mortgage Loan Balance*** has the meaning given to it in the Basis Rate Swap Agreements in respect of the Variable Rate Mortgage Loans;

***Variable Rate Mortgage Loans*** means those Mortgage Loans to the extent that and for such period that their Mortgage Loan Conditions provide that they are subject to a rate of interest which may at any time be varied in accordance with the relevant Mortgage Loan Conditions (and shall, for the avoidance of doubt, exclude Mortgage Loans during the period that are Fixed Rate Mortgage Loans or Tracker Rate Mortgage Loans);

***VAT*** means (a) any Tax charged in accordance with the VATA, as may be amended or substituted from time to time; (b) any Tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112); and (c) any other Tax of a similar nature whether imposed in substitution for, or levied in addition to such Tax referred to in paragraph (a) or (b) or imposed elsewhere;

***VAT Group*** means a group for the purposes of the VAT Grouping Legislation;

***VAT Grouping Legislation*** means (a) sections 43 to 43D (inclusive) of VATA and (b) the Value Added Tax (Groups: eligibility) Order 2004 (SI 2004/1931);

***VATA*** means Value Added Tax Act 1994;

***VM Issuer Account*** means an account set up in the name of the Issuer held with the VM Issuer Account Bank;

***VM Issuer Account Bank*** means Clydesdale or any replacement appointed in accordance with the VM Issuer Account Bank Agreement;

***VM Issuer Account Bank Agreement*** means the account agreement entered into on or about the Closing Date between the VM Issuer Account Bank, the Issuer, the Issuer Cash Manager and the Security Trustee or any replacement agreement with a replacement VM issuer account bank appointed in accordance with the VM Issuer Account Bank Agreement;

***VM Issuer Account Bank Transfer Events*** mean any "Transfer Events" as defined in the VM Issuer Account Bank Agreement, including but not limited to the following:

- (a) a deduction or withholding for or on account of any Tax is imposed, or it appears likely that such a deduction or withholding will be imposed, in respect of the interest payable on the VM Issuer Account held with the VM Issuer Account Bank; or
- (b) an Insolvency Event occurs in relation to the VM Issuer Account Bank;

***VM Issuer Account Loss*** means, upon the occurrence of an Insolvency Event in respect of the VM Issuer Account Bank, the amount standing to the credit of the VM Issuer Account on the date of such Insolvency Event in the event that such amount is not withdrawn from the VM Issuer Account and transferred to an Issuer Transaction Account on such date;

***VM Issuer Account Mandate*** means the mandate relating to the VM Issuer Account;

***VM Issuer Account Recovered Amount*** means an amount of cash received that previously represented all or part of a VM Issuer Account Loss;

***VM Issuer Permitted Cash Amount*** means:

- (a) prior to an Insolvency Event in respect of the VM Issuer Account Bank or a Pass-Through Trigger Event, on each Payment Calculation Date, an amount equal to the greater of zero and the product of:
  - (i) the Actual Class A Subordination Percentage minus the Minimum Class A Subordination Percentage; and
  - (ii) the aggregate of the GBP Equivalent of the Principal Amount Outstanding of the Class A Notes, the Class M Notes and the Class Z Notes that will be outstanding on the immediately succeeding Payment Date following the application of any Issuer Available Principal Receipts in or towards the redemption of such Notes (as calculated by the Issuer Cash Manager); and
  - (iii) 1.00 minus the Minimum Class A Subordination Percentage; and;
  - (iv) 0.3; and
- (b) following an Insolvency Event or a Pass-Through Trigger Event in respect of the VM Issuer Account Bank, zero.

***VM Mortgages Trustee Account*** means an account set up in the name of the Mortgages Trustee held with the VM Mortgages Trustee Account Bank;

***VM Mortgages Trustee Account Bank*** means Clydesdale or any replacement appointed in accordance with the terms of the VM Mortgages Trustee Account Bank Agreement;

***VM Mortgages Trustee Account Bank Agreement*** means the account agreement entered into on or about the Closing Date between the VM Mortgages Trustee Account Bank, the Mortgages Trustee, the Trust Property Cash Manager and the Security Trustee or any replacement agreement with a replacement VM mortgages trustee account bank appointed in accordance with the terms of the VM Mortgages Trustee Account Bank Agreement;

***VM Mortgages Trustee Account Bank Transfer Event*** means any ***Transfer Events***, as defined in the VM Mortgages Trustee Account Bank Agreement, including but not limited to the following:

- (a) a deduction or withholding for or on account of any Tax is imposed, or it appears likely that such a deduction or withholding will be imposed, in respect of the interest payable on the VM Mortgages Trustee Account held with the VM Mortgages Trustee Account Bank; or
- (b) an Insolvency Event occurs in relation to the VM Mortgages Trustee Account Bank.

***VM Mortgages Trustee Account Loss*** has the meaning ascribed to that term in the definition of Denominator Reduction Amount;

***VM Mortgages Trustee Account Mandate*** means the mandate relating to the VM Mortgages Trustee Account;

***VM Mortgages Trustee Account Recovered Amount*** means an amount of cash received that previously represented all or part of a VM Mortgages Trustee Account Loss;

***VM Mortgages Trustee Permitted Cash Amount*** means:

- (a) prior to an Insolvency Event in respect of the VM Issuer Account Bank, an amount of cash equal to (A) - (B) where:
  - (A) = the Seller Share (as calculated on the previous Trust Calculation Date); and
  - (B) = the Minimum Seller Share (as calculated on the previous Trust Calculation Date); and
- (b) following an Insolvency Event, in respect of the VM Issuer Account Bank, zero.

***Voting Certificate*** has the meaning specified in paragraph 1 of Schedule 4 (*Provisions for Meetings of Noteholders*) to the Trust Deed;

***Weighted Average Fixed Rate*** means, in respect of a Calculation Period, the weighted average (by outstanding current balance) of the fixed rates of interest charged to borrowers of Fixed Rate Mortgage Loans as of the first day of the relevant Calculation Period (under the Basis Rate Swap Agreements) as notified to the Calculation Agent by the Issuer Cash Manager in accordance with the provisions of the Issuer Cash Management Agreement;

***Weighted Average Tracker Rate*** means, in respect of a Calculation Period, the weighted average (by outstanding current balance) of the tracker rates of interest as of the first day of the relevant Calculation Period charged to borrowers of Tracker Rate Mortgage Loans which are Performing Mortgage Loans as notified to the Calculation Agent (under the Basis Rate Swap Agreements) by the Issuer Cash Manager in accordance with the provisions of the Issuer Cash Management Agreement; and

***Weighted Average Variable Rate*** means, in respect of a Calculation Period, the weighted average (by outstanding current balance) of the variable rates of interest as of the first day of the relevant Calculation Period charged to borrowers of Variable Rate Mortgage Loans which are Performing Mortgage Loans as notified to the Calculation Agent (under the Basis Rate Swap Agreements) by the Issuer Cash Manager in accordance with the provisions of the Issuer Cash Management Agreement.

## **2. PRINCIPLES OF INTERPRETATION AND CONSTRUCTION**

### **Knowledge**

- 2.1 (a) References in any Transaction Document to the expressions so far as the Seller is aware or to the best of the knowledge, information and belief of the Seller or any similar expression in respect of any matter shall be deemed to refer to the actual knowledge of senior officers of the Seller, together with the knowledge which such persons could have had absent their own fraud, negligence or wilful default.
- (b) References in any Transaction Document to the expressions so far as the Administrator is aware or to the best of the knowledge, information and belief of the Administrator or any similar expression in respect of any matter shall be deemed to refer to the actual knowledge of senior officers of the Administrator, together with the knowledge which such persons could have had absent their own fraud, negligence or wilful default.
- (c) References in any Transaction Document to the expressions so far as the Issuer is aware or to the best of the knowledge, information and belief of the Issuer or any similar expression in respect of any matter shall be deemed to refer to the actual knowledge of senior officers of the Issuer, together with the knowledge which such persons could have had absent their own fraud, negligence or wilful default.
- (d) References in any Transaction Document to the expressions so far as the Security Trustee is aware or to the best of the knowledge, information and belief of the Security Trustee or any similar

expression in respect of any matter shall be deemed to refer to the actual knowledge of senior officers of the Security Trustee.

## Interpretation and Construction

- 2.2 (a) **Assigned** in relation to, or, **assignment** of, a Mortgage Loan and/or its Related Security shall be deemed, in the context of an equitable assignment, to include the granting of the Scottish Declaration of Trust in respect of a Scottish Mortgage Loan and/or its Related Security, and, in the context of a legal assignment, to include the granting of an assignation in respect of a Scottish Mortgage Loan and/or its Related Security.
- (b) **Continuing** in respect of a Note Event of Default or a Potential Note Event of Default shall be construed as a reference to a Note Event of Default or a Potential Note Event of Default which has not been waived in accordance with the terms of the Conditions or, as the case may be, the relevant Transaction Document.
- (c) **Euroclear, Clearstream, Luxembourg** and/or **DTC** shall, wherever the context so admits, be deemed to include reference to any additional or alternative clearing system approved by the Issuer and the Security Trustee in relation to the Notes.
- (d) A **Holding Company** in relation to a company, is any other company in respect of which it is a subsidiary.
- (e) **Holder** means the holder of a Note and the words holders and related expressions shall (where appropriate) be construed accordingly.
- (f) **Including** shall be construed as a reference to including without limitation, so that any list of items or matters appearing after the word including shall be deemed not to be an exhaustive list, but shall be deemed rather to be a representative list, of those items or matters forming a part of the category described prior to the word including.
- (g) **Indebtedness** shall be construed so as to include any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent.
- (h) A **law** shall be construed as any law (including common or customary law), statute, constitution, decree, judgment, treaty, regulation, directive, bye-law, order, direction, requirement or any other legislative measure of any government, supranational, local government, statutory or regulatory body or court.
- (i) A **month** is a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next succeeding calendar month except that:
- (i) if any such numerically corresponding day is not a Business Day, such period shall end on the immediately succeeding Business Day to occur in that next succeeding calendar month



or, if none, it shall end on the immediately preceding Business Day; and

- (ii) if there is no numerically corresponding day in that next succeeding calendar month, that period shall end on the last Business Day in that next succeeding calendar month,

and references to months shall be construed accordingly.

- (j) A **person** shall be construed as a reference to any person, individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organisation, governmental entity or other entity of similar nature (whether or not having separate legal personality).
- (k) **Principal** shall, where applicable, include premium.
- (l) **records** of Euroclear and Clearstream, Luxembourg shall be the records that each of Euroclear and Clearstream, Luxembourg holds for its customers which reflect the amount of such customer's interest in the Notes.
- (m) **Repay, redeem** and **pay** shall each include both of the others and repaid, repayable and repayment, redeemed, redeemable and redemption and paid, payable and payment shall be construed accordingly.
- (n) A reference to any person defined as a **Transaction Party** in this Master Definitions and Construction Schedule or in any Transaction Document or in the Conditions shall be construed so as to include its and any subsequent successor and permitted transferee in accordance with their respective interests and any person who, under the laws of the jurisdiction of incorporation of or domicile of such person has assumed all of the rights and obligations of such person under the relevant Transaction Document or to which, under such laws, all of such rights and obligations have been transferred.
- (o) **Set-off** includes equivalent or analogous rights under jurisdictions other than England and Wales.
- (p) A **subsidiary** of a company or corporation incorporated in a jurisdiction other than England and Wales means (a) a subsidiary as defined in Section 1159 of the Companies Act 2006 and (b) unless the context requires otherwise, a **subsidiary undertaking** within the meaning of Section 1162 of the Companies Act 2006.
- (q) A **successor** of any party shall be construed so as to include an assignee or successor in title of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party under any Transaction Document or to which, under such laws, such rights and obligations have been transferred.

- (r) *A wholly-owned subsidiary of a company or corporation* shall be construed as a reference to any company or corporation which has no other members except that other company or corporation and that other company's or corporation's wholly-owned subsidiaries or persons acting on behalf of that other company or corporation or its wholly-owned subsidiaries.
- (s) From (and including) the date on which the United Kingdom ceases to be a member of the European Union and/or European Economic Area, all references to the *European Union, European Economic Area or EEA* shall be deemed to include the United Kingdom.

### **Transaction Documents and other Agreements**

- 2.3 Any reference to this Master Definitions and Construction Schedule, any document defined as a Transaction Document or any other agreement or document shall be construed as a reference to this Master Definitions and Construction Schedule, such Transaction Document or, as the case may be, such other agreement or document as the same may have been, or may from time to time be, amended, restated, varied, novated, supplemented or replaced.

### **Legislation and Treaties**

- 2.4 Any reference to any legislation (whether primary legislation or regulations or secondary legislation made pursuant to any primary legislation) or treaty shall be construed as a reference to such statute or treaty as the same may have been, or may from time to time be, replaced, amended or, in the case of a statute, re-enacted.

### **Time**

- 2.5 Any reference in any Transaction Document to a time of day shall, unless a contrary indication appears, be a reference to London time.

### **Schedules**

- 2.6 Any Schedule of, or Appendix to a Transaction Document forms part of such Transaction Document and shall have the same force and effect as if the provisions of such Schedule or Appendix were set out in the body of such Transaction Document. Any reference to a Transaction Document shall include any such Schedule or Appendix.

### **Headings**

- 2.7 Section, Part, Schedule, Paragraph and Clause headings are for ease of reference only.

### **Sections**

- 2.8 Except as otherwise specified in a Transaction Document, reference in a Transaction Document to a:
  - (a) *Section* shall be construed as a reference to a Section of such Transaction Document;

- (b) **Part** shall be construed as a reference to a Part of such Transaction Document;
- (c) **Schedule** shall be construed as a reference to a Schedule of such Transaction Document;
- (d) **Clause** shall be construed as a reference to a Clause of a Part or Section (as applicable) of such Transaction Document; and
- (e) **Paragraph** shall be construed as a reference to a Paragraph of a Schedule of such Transaction Document.

### **Number**

- 2.9 In any Transaction Document, save where the context otherwise requires, words importing the singular number include the plural and vice versa.

### **Time of the Essence**

- 2.10 Any date or period specified in any Transaction Document may be postponed or extended by mutual agreement between the parties, but as regards any date or period originally fixed or so postponed or extended, time shall be of the essence.

### **Limited Recourse**

- 2.11 Notwithstanding any other clause or provision in the Transaction Documents, no provision in any Transaction Document other than Condition 5(G) (*Limited Recourse*) shall limit or in any way reduce the amount of interest that would otherwise be payable by the Issuer under any Note, if and to the extent that such limitation or reduction falls to any extent to be determined by reference to the results of any business or part of a business or the value of any property.

### **Successors**

- 2.12 Each Transaction Document shall be binding upon and enure to the benefit of each Transaction Party which is a party to such Transaction Document or is otherwise bound by its terms and its or any subsequent successors, transferees and assigns.