

24 September 2018

VIRGIN MONEY PLC
(as *Seller, Trust Property Cash Manager, a Beneficiary*
and an *All Monies Mortgage Trust Beneficiary*)

GOSFORTH FUNDING 2018-1 PLC
(as *Issuer* and a *Beneficiary*)

GOSFORTH MORTGAGES TRUSTEE 2018-1 LIMITED
(as *Mortgages Trustee, All Monies Mortgage Trustee* and
an *All Monies Mortgage Trust Beneficiary*)

MORTGAGES TRUST DEED



Freshfields Bruckhaus Deringer

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CONTENTS

CLAUSE	PAGE
1. DEFINITIONS AND INTERPRETATION	2
2. TRUST PROPERTY	2
3. CONDITIONS PRECEDENT.....	4
4. CONSIDERATION	4
5. REMOVALS FROM THE TRUST PROPERTY, BORROW-BACKS, VM MORTGAGES TRUSTEE ACCOUNT LOSSES	6
6. INITIAL ISSUER SHARE AND INITIAL SELLER SHARE	8
7. ADJUSTMENT OF THE ISSUER AND SELLER SHARE PERCENTAGES; MINIMUM SELLER SHARE; MANDATORY SELLER CASH CONTRIBUTION; SELLER SHARE EVENT AND CURE	9
8. DISTRIBUTION OF REVENUE RECEIPTS	13
9. DISTRIBUTION OF PRINCIPAL RECEIPTS	14
10. PAYMENTS FOLLOWING A DISRUPTION EVENT.....	15
11. ALLOCATION OF LOSSES.....	16
12. VM MORTGAGES TRUSTEE ACCOUNT LOSSES AND VM MORTGAGES TRUSTEE ACCOUNT RECOVERED AMOUNTS	17
13. NON-TRUST AMOUNTS; DEFERRED CONTRIBUTIONS; SEPARATE TRUST.....	17
14. LEDGERS	18
15. FEES AND EXPENSES OF THE MORTGAGES TRUSTEE	19
16. DIRECTIONS FROM BENEFICIARIES	19
17. TRANSFERS AND DISPOSALS.....	21
18. REPRESENTATIONS AND COVENANTS	21
19. POWER TO DELEGATE.....	22
20. POWERS OF INVESTMENT	23
21. OTHER PROVISIONS REGARDING THE MORTGAGES TRUSTEE	23
22. NO RETIREMENT OF MORTGAGES TRUSTEE.....	24
23. TERMINATION.....	25
24. FURTHER ASSURANCES.....	25
25. NO PARTNERSHIP OR AGENCY.....	25
26. CALCULATIONS.....	25
27. CONFIDENTIALITY.....	25

28.	ENTIRE AGREEMENT	26
29.	OBLIGATIONS AS CORPORATE OBLIGATIONS	27
30.	CONTINUATION OF OBLIGATIONS	27
31.	AMENDMENTS	27
32.	WAIVERS	27
33.	NOTICES	28
34.	THIRD PARTY RIGHTS	28
35.	SEVERABILITY	28
36.	COUNTERPARTS	28
37.	GOVERNING LAW	28
38.	JURISDICTION	28
	SCHEDULE 1 REPRESENTATIONS AND WARRANTIES	32

THIS MORTGAGES TRUST DEED is made on 24 September 2018

BETWEEN

- (1) **VIRGIN MONEY PLC** (registered number 6952311) (*Virgin Money*) a public limited company incorporated under the laws of England and Wales whose registered office is at Jubilee House, Gosforth, Newcastle upon Tyne NE3 4PL, in its capacity as seller of the Mortgage Loans under the Mortgage Sale Agreement (in such capacity, the *Seller*), and in its capacity as trust property cash manager under the Trust Property Cash Management Agreement and (in such capacity, the *Trust Property Cash Manager*) and in its capacity as a beneficiary of the Mortgages Trust (in such capacity a *Beneficiary*), and in its capacity as a beneficiary of the All Monies Mortgage Trust (in such capacity, an *All Monies Mortgage Trust Beneficiary*);
- (2) **GOSFORTH FUNDING 2018-1 PLC** (registered number 11444253) a public limited company incorporated under the laws of England and Wales, whose registered office is at Fifth Floor, 100 Wood Street, London EC2V 7EX in its capacity as issuer of the Notes (in such capacity, the *Issuer*), in its capacity as a beneficiary of the Mortgages Trust (in such capacity, a *Beneficiary* and, together with the Seller in its capacity as a beneficiary of the Mortgages Trust, the *Beneficiaries*); and
- (3) **GOSFORTH MORTGAGES TRUSTEE 2018-1 LIMITED** (registered number 11444216) a private limited company incorporated under the laws of England and Wales whose registered office is at Fifth Floor, 100 Wood Street, London EC2V 7EX in its capacity as trustee of the Trust Property (in such capacity, the *Mortgages Trustee*) and in its capacity as trustee of the All Monies Mortgage Trust (in such capacity, the *All Monies Mortgage Trustee*) and in its capacity as a beneficiary of the All Monies Mortgage Trust (in such capacity, an *All Monies Mortgage Trust Beneficiary*).

WHEREAS

- (A) The Mortgages Trustee wishes to declare a trust in respect of the Trust Property on the date of this Deed.
- (B) The Seller intends to assign a portfolio of Mortgage Loans and their Related Security to the Mortgages Trustee as trustee of the Mortgages Trust pursuant to the Mortgage Sale Agreement between, *inter alios*, the Seller and the Mortgages Trustee to be entered into on the Closing Date. The transfer of the Mortgage Loans shall not be completed or registered at the Closing Date and the Seller shall remain the registered or recorded proprietor or heritable creditor of the Mortgages and shall hold the legal title to such Mortgages on a bare trust for the Mortgages Trustee (pursuant, in the case of Scottish Mortgage Loans and their Related Security, to the Scottish Declaration of Trust).
- (C) The Mortgages Trustee (acting as principal and not as agent of any party) has agreed to hold the Trust Property as bare trustee for the Beneficiaries upon, with and subject to the trusts, powers and provisions of this Deed. The Mortgages Trustee will receive amounts arising from the Trust Property and

will distribute such amounts for the benefit of the Beneficiaries. It will delegate certain tasks in relation to the Mortgages Trust to the Administrator and the Trust Property Cash Manager.

NOW THIS DEED WITNESSES

1. DEFINITIONS AND INTERPRETATION

The Master Definitions and Construction Schedule signed for the purposes of identification by Clifford Chance LLP and Freshfields Bruckhaus Deringer LLP on the date of this Deed is expressly and specifically incorporated into this Deed and, accordingly, the expressions defined in the Master Definitions and Construction Schedule shall, except where the context otherwise requires and save where otherwise defined herein, have the same meanings in this Deed, including the recitals hereto, and this Deed shall be construed in accordance with the interpretation provisions set out in clause 2 (*Principles of Interpretation and Construction*) of that Master Definitions and Construction Schedule. In the event of a conflict between the Master Definitions and Construction Schedule and this Deed, this Deed shall prevail.

2. TRUST PROPERTY

Initial Trust Property

- 2.1 The Mortgages Trustee hereby declares itself as trustee of the Trust Property, being the sum of £100 assigned to the Mortgages Trustee by the Seller and the Issuer (as to £50 each) on the date of this Deed (the ***Initial Trust Property***) which sum shall be held on trust by the Mortgages Trustee absolutely as to both capital and income for the benefit, as beneficial tenants in common, of the Seller and of the Issuer in equal shares. The Initial Trust Property shall be held by the Mortgages Trustee on trust on the terms set out in this Deed on and from due execution of this Deed by all parties to it.

Closing Trust Property

- 2.2 Pursuant to the provisions of the Mortgage Sale Agreement, the Seller on the Closing Date intends to assign the Mortgage Portfolio, including the Mortgage Loans and their Related Security, to the Mortgages Trustee, and, in respect of Scottish Mortgage Loans and their Related Security, grant a beneficial interest under the Scottish Declaration of Trust in respect of such Scottish Mortgage Loans and their Related Security in favour of the Mortgages Trustee (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), which Mortgage Portfolio, together with all rights and obligations under the Mortgage Sale Agreement, is herein referred to as the ***Closing Trust Property***.

Other Trust Property

- 2.3 The following assets, revenues, rights, interests and benefits shall (without double counting) additionally form part of the Trust Property from time to

time (subject, in the case of such assets, revenues, rights, interests and benefits situated in or governed by the laws of Scotland, to the Scottish Declaration of Trust in respect thereof):

- (a) any addition relating to the Mortgage Loans and their Related Security resulting from any capitalised interest thereon or from any Borrow-backs made by Borrowers;
- (b) any New Mortgage Loans and their Related Security added to the Trust Property on a Transfer Date in accordance with the terms of this Deed;
- (c) if it is transferred to the Mortgages Trustee at any time, the legal title to the Mortgage Portfolio including the Mortgage Loans and their Related Security;
- (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 their 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 this Deed;
- (g) amounts on deposit in the Mortgages Trustee Transaction Accounts and the VM Mortgages Trustee Account (and interest earned on such amounts) 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.

For the purposes of making calculations with respect to the Trust Property at any time (including, without limitation, calculating the Seller Share), the amount of the Trust Property shall be an amount equal to the sum of the aggregate Current Balance of all Mortgage Loans in the Mortgage Portfolio at such time, plus such other amounts as are held in the Mortgages Trustee Transaction Accounts and the VM Mortgages Trustee Account and invested in Permitted Investments, at such time representing items (a) and (d) to (h) above.

Trust Property

- 2.4 The Mortgages Trustee hereby declares that it shall hold, on and from the date on which it is received, all Trust Property other than amounts allocated for distribution on any Distribution Date on trust absolutely for the Issuer (as to

the Issuer Share) and for the Seller (as to the Seller Share) and as to amounts allocated for distribution on any Distribution Date (whether as Mortgages Trustee Available Principal Receipts or Mortgages Trustee Available Revenue Receipts) on trust absolutely for the Issuer and the Seller in accordance with their respective entitlements established in accordance with Clauses 8 (*Distribution of Revenue Receipts*) and 9 (*Distribution of Principal Receipts*) below, and as beneficial tenants in common upon, with and subject to all the trusts, powers and provisions of this Deed (such that each Beneficiary shall have an absolute undivided beneficial interest in the Trust Property). No provision of this Deed or any other Transaction Document shall be taken as qualifying or altering the absolute undivided character of the interests of the Beneficiaries in the Mortgages Trust as set out in this Deed.

- 2.5 The aggregate of the entitlements of the Issuer and the Seller in the Trust Property shall, at all times, be an amount equal to 100 per cent. of the Trust Property.
- 2.6 Amounts received by the Mortgages Trustee in respect of the Trust Property shall be distributed to the Issuer and the Seller in accordance with the provisions of this Deed.

3. CONDITIONS PRECEDENT

- 3.1 The Closing Trust Property shall be held by the Mortgages Trustee on the Mortgages Trust subject to:
 - (a) the payment by the Issuer to the Mortgages Trustee on the Closing Date of the Initial Contribution, which shall be held by the Mortgages Trustee on the separate trust referred to in Clause 13.3 (*Non-Trust Amounts; Deferred Contributions; Separate Trust*); and
 - (b) the payment by the Mortgages Trustee to the Seller on the Closing Date of the Initial Consideration.
 - (c) If any of the conditions referred to in sub-paragraphs (a) and (b) above are not satisfied by the Closing Date, the Mortgages Trustee shall re-assign to the Seller the Mortgage Portfolio, if assigned to the Mortgages Trustee, and terminate the Mortgages Trust thereafter having distributed the Trust Property to the Seller and Issuer in accordance with their respective shares.

4. CONSIDERATION

Consideration provided by Seller on the Closing Date

- 4.1 The Seller (in its capacity as a Beneficiary) shall provide consideration to the Mortgages Trustee for the Seller Share in the Trust Property by assigning to the Mortgages Trustee, on the Closing Date, the Initial Mortgage Portfolio in accordance with the terms of the Mortgage Sale Agreement.

Consideration provided by Seller - Seller Cash Contributions

- 4.2 Subject to Clause 7.7 (*Mandatory Seller Cash Contribution*) below, the Seller may make Seller Cash Contributions to the Mortgages Trust from time to time at its discretion by payment to one or more of the Mortgages Trustee Transaction Accounts and/or the VM Mortgages Trustee Account, with a corresponding credit to the Trust Replenishment Ledger.
- 4.3 The proceeds of any Seller Cash Contributions may be applied by the Mortgages Trustee as consideration for the purchase of New Mortgage Loans and their Related Security pursuant to the terms of the Mortgage Sale Agreement.
- 4.4 Upon payment by the Seller to the Mortgages Trustee of a Seller Cash Contribution, the Trust Property shall be increased by an amount equal to such Seller Cash Contribution, and such Seller Cash Contribution shall result in a corresponding increase in the Seller Share. If such Seller Cash Contribution is not applied as consideration for the purchase of New Mortgage Loans and their Related Security prior to the Trust Calculation Date immediately following the date on which such Seller Cash Contribution occurred, such amounts will be applied as Mortgages Trustee Available Principal Receipts to be distributed in accordance with the Mortgages Trustee Principal Priority of Payments on the following Distribution Date.

Consideration provided by Seller – New Mortgage Loans

- 4.5 Following any assignment of New Mortgage Loans and their Related Security to the Mortgages Trustee pursuant to the terms of the Mortgage Sale Agreement, to the extent that such assignment of New Mortgage Loans and their Related Security is not paid for by the Mortgages Trustee through amounts standing to the credit of the Trust Replenishment Ledger, the Trust Property shall be increased by an amount equal to the principal balance of such New Mortgage Loans on the relevant Transfer Date (the *New Mortgage Loans Principal Balance*), and shall result in a corresponding increase in the Seller Share. As a consequence thereof, the Seller Share Percentage will increase and the Issuer Share Percentage will decrease.

Consideration Provided by the Issuer

- 4.6 The Issuer (in its capacity as a Beneficiary) shall provide consideration to the Mortgages Trustee for the Issuer Share in the Trust Property as follows:
- (a) the Initial Contribution payable by the Issuer to the Mortgages Trustee on the Closing Date; and
 - (b) the covenant of the Issuer to pay Deferred Contributions to the Mortgages Trustee on each Payment Date, subject to and in accordance with the relevant Priority of Payments.

Application and payments by Mortgages Trustee

- 4.7 The Beneficiaries hereby direct the Mortgages Trustee to, and the Mortgages Trustee covenants that it shall, or shall procure that the Trust Property Cash

Manager on its behalf shall, pay an amount equal to the Initial Contribution and any Deferred Contributions (which shall be held by the Mortgages Trustee on the separate trust referred to in Clause 13.3 (*Non-Trust Amounts; Deferred Contributions; Separate Trust*) until the time of such payment) to the Seller in satisfaction of the Mortgages Trustee's obligation to make payment of the Initial Consideration and Deferred Consideration pursuant to the Mortgage Sale Agreement.

- 4.8 On any Transfer Date, in consideration for the transfer of the New Mortgage Loans and their Related Security from the Seller, the Mortgages Trustee shall pay an amount in cash equal to the relevant New Mortgage Loans Principal Balance from (i) amounts already standing to the credit of the Trust Replenishment Ledger in the Mortgages Trustee Transaction Accounts or the VM Mortgages Trustee Account on the relevant Transfer Date and/or (ii) from the proceeds of any Seller Cash Contribution made by the Seller on the relevant Transfer Date.
- 4.9 In the case of any Seller Cash Contribution made on a Transfer Date which is to be applied by the Mortgages Trustee as consideration for the transfer of New Mortgage Loans and their Related Security from the Seller on such Transfer Date, the Seller and the Mortgages Trustee shall be entitled to set off the cash payment comprising such Seller Cash Contribution against the equivalent amount of the purchase price payable by the Mortgages Trustee to the Seller in respect of such New Mortgage Loans and their Related Security on the relevant Transfer Date.

5. REMOVALS FROM THE TRUST PROPERTY, BORROW-BACKS, VM MORTGAGES TRUSTEE ACCOUNT LOSSES

Further Advances and Product Switches

- 5.1 The Beneficiaries hereby jointly direct the Mortgages Trustee to, and the Mortgages Trustee covenants that it shall, release from the Trust Property any Mortgage Loan and its Related Security which is to be the subject of a Further Advance or a Product Switch, **provided that**, in consideration for such release, the Seller repurchases such Mortgage Loan and its Related Security in accordance with the Mortgage Sale Agreement and the Administration Agreement.

Breach of Loan Warranty

- 5.2 The Beneficiaries hereby jointly direct the Mortgages Trustee to, and the Mortgages Trustee covenants that it shall, release from the Trust Property any Mortgage Loan and its Related Security which the Seller is obliged to repurchase following a breach of Loan Warranty in accordance with the provisions of clause 6 (*Warranties, Repurchases and Undertakings*) of the Mortgage Sale Agreement, **provided that**, in consideration for such release, the Seller repurchases such Mortgage Loan and its Related Security in accordance with the Mortgage Sale Agreement and the Administration Agreement. If the Seller fails to comply with such obligation to repurchase, the Mortgage Loan and its Related Security will not be released from the Trust

Property and a Denominator Reduction Event will occur and the relevant Mortgage Loan will remain part of the Trust Property.

Cash Borrow-backs under the Mortgage Loans

- 5.3 If, in respect of any Mortgage Loan which is in the Trust Property, the relevant Borrower requests a Cash Borrow-back and the Administrator (on behalf of the Mortgages Trustee) grants such request pursuant to and in accordance with the terms of the Administration Agreement, the Seller as Beneficiary undertakes to the Issuer and the Mortgages Trustee that it shall fund that Cash Borrow-back by making payment to the Borrower, in accordance with the terms and conditions of the relevant Mortgage Loan, of the Cash Borrow-back Amount. Upon payment by the Seller to the relevant Borrower of the Cash Borrow-back Amount, the Current Balance of the relevant Mortgage Loan will increase by an amount equal to the Cash Borrow-back Amount and correspondingly the aggregate Current Balance of the Mortgage Loans constituting the Trust Property shall be increased by such amount and the Seller Share shall be increased by such amount and, as a consequence of such payment, the Issuer Share Percentage will decrease and the Seller Share Percentage will increase as described in Clause 7 (*Adjustment of the Issuer and Seller Share Percentages; Minimum Seller Share*). If the Seller fails to comply with any agreement to make a Cash Borrow-back such that a right of set-off arises in favour of the relevant Borrower and the relevant Borrower exercises such right, a Denominator Reduction Event will occur.

Non-Cash Borrow-backs under the Mortgage Loans

- 5.4 If in respect of any Mortgage Loan which is in the Trust Property, the relevant Borrower requests a Non-Cash Borrow-back as a result of a payment holiday and the Administrator grants such request or the Administrator otherwise permits the relevant Borrower to take a Non-Cash Borrow-back pursuant to and in accordance with the terms of the Administration Agreement, the Seller as Beneficiary undertakes to the Issuer and the Mortgages Trustee that it shall fund such Non-Cash Borrow-back by making payment to the Mortgages Trustee of a contribution in an amount equal to the Unpaid Interest Amount in relation to each month in respect of such Non-Cash Borrow-back. As the Unpaid Interest in respect of a Non-Cash Borrow-back on the relevant Mortgage Loan accrues and is capitalised, the Current Balance of the relevant Mortgage Loan will increase, resulting in an increase in the Trust Property by such amount and the Seller Share shall be increased by such amount and as a consequence of such payment, the Issuer Share Percentage will decrease and the Seller Share Percentage will increase as described in Clause 7 (*Adjustment of the Issuer and Seller Share Percentages; Minimum Seller Share*) below.

VM Mortgages Trustee Account Losses

- 5.5 If an Insolvency Event occurs in respect of Virgin Money, where amounts then standing to the credit of the VM Mortgages Trustee Account cannot be withdrawn from the VM Mortgages Trustee Account and transferred to a Mortgages Trustee Transaction Account, a Denominator Reduction Event will occur.

Rectification of Errors in Payment

- 5.6 The Beneficiaries hereby jointly direct the Mortgages Trustee to, and the Mortgages Trustee covenants that it shall, release from the Trust Property by making a payment (or procuring that a payment shall be made) from the Mortgages Trustee Transaction Account and/or the VM Mortgages Trustee Account (to the extent that withdrawal of those amounts would not cause the balance of the Mortgages Trustee Transaction Account and/or the VM Mortgages Trustee Account to become overdrawn) in order to reimburse to the relevant payee a payment or part thereof which has been received by the Mortgages Trustee in error, including, without limitation, any amount due arising from any unintentional overpayment by any person or arising from any reimbursement by any person of any such overpayment (including, for the avoidance of doubt, where arising from the failure of a direct debit) and to refund any amount due arising from the rejection of any payment in respect of a Mortgage Loan and any other amount which has not been received by the Mortgages Trustee as cleared funds.

6. INITIAL ISSUER SHARE AND INITIAL SELLER SHARE

Initial Issuer Share

- 6.1 The **Initial Issuer Share** of the Trust Property shall be the amount calculated by the Trust Property Cash Manager and notified in writing to the Mortgages Trustee, the Issuer and the Seller on the Closing Date which amount will be equal to the Initial Contribution together with £50, representing the Issuer Share of the Initial Trust Property. The **Initial Issuer Share Percentage** shall be the Initial Issuer Share expressed as a percentage of the Trust Property as at the Closing Date (for the avoidance of doubt, following the assignment of the Mortgage Portfolio to the Mortgages Trustee and the payment of the Initial Contribution and the Initial Consideration). References in this Deed to the Issuer Share shall mean, up to and including the first Trust Calculation Date, the Initial Issuer Share and thereafter shall mean the Current Issuer Share (as defined below).

Initial Seller Share

- 6.2 The **Initial Seller Share** of the Trust Property shall be an amount equal to the Trust Property as at the Closing Date (for the avoidance of doubt, following the assignment of the Mortgage Portfolio to the Mortgages Trustee and the payment of the Initial Consideration and the Initial Contribution) *minus* the Initial Issuer Share. The Initial Seller Share of the Trust Property will be calculated by the Trust Property Cash Manager and notified in writing to the Mortgages Trustee, the Issuer and the Seller. The **Initial Seller Share Percentage** shall be equal to 100 per cent. *minus* the Initial Issuer Share Percentage. References in this Deed to the Seller Share shall mean, prior to the first Distribution Date, the Initial Seller Share and thereafter shall mean the Current Seller Share (as defined below).

Rounding

- 6.3 Except for the Closing Date, where the Issuer Share Percentage and the Seller Share Percentage shall be calculated to two decimal places and, unless otherwise agreed by the Beneficiaries, the Issuer Share Percentage and the Seller Share Percentage shall be calculated to five decimal places, in each case rounded upwards. The Issuer Share and the Seller Share shall be calculated to two decimal places, rounded upwards.

7. ADJUSTMENT OF THE ISSUER AND SELLER SHARE PERCENTAGES; MINIMUM SELLER SHARE; MANDATORY SELLER CASH CONTRIBUTION; SELLER SHARE EVENT AND CURE

Recalculations

- 7.1 The Trust Property Cash Manager will (on behalf of the Mortgages Trustee and the Beneficiaries) recalculate (without double counting) the Issuer Share, the Issuer Share Percentage, the Seller Share, the Seller Share Percentage and the Minimum Seller Share on each Trust Calculation Date and on the date on which the Mortgages Trust terminates (each a ***Relevant Trust Calculation Date***).

Current Issuer Share Percentage and Current Issuer Share on a Trust Calculation Date

- 7.2 (a) On each Relevant Trust Calculation Date, the Trust Property Cash Manager shall recalculate the Issuer Share Percentage and the Issuer Share in accordance with the following formulae:

the ***Issuer Share Percentage*** will be a percentage (subject to a maximum of 100 per cent. and a minimum of 0 per cent.) equal to:

$$\frac{A - B - C}{D} \times 100$$

the ***Issuer Share*** will be an amount equal to:

$$A - B - C$$

where:

- A = the amount of the Issuer Share as determined on the Trust Calculation Date immediately preceding the Relevant Trust Calculation Date (or, in the case of the first Trust Calculation Date, the Initial Issuer Share);
- B = the amount of Mortgages Trustee Available Principal Receipts to be distributed to the Issuer on the Distribution Date immediately following the Relevant Trust Calculation Date in accordance with Clause 9 (*Distribution of Principal Receipts*);

- C = the amount of Losses sustained on the Mortgage Loans during the Trust Calculation Period immediately preceding the Relevant Trust Calculation Date and allocated to the Issuer in accordance with Clause 11 (*Allocation of Losses*) below; and
- D = an amount equal to the sum of the following amounts:
- (i) the aggregate Current Balance of all the Mortgage Loans as at the last day of the Trust Calculation Period immediately preceding the Relevant Trust Calculation Date; *plus*
 - (ii) subject to paragraph (d) below, the aggregate of all VM Mortgages Trustee Account Recovered Amounts received during the Trust Calculation Period immediately preceding the Relevant Trust Calculation Date; *plus*
 - (iii) (A) any Seller Cash Contribution made by the Seller to the Mortgages Trustee on or prior to the Relevant Trust Calculation Date and/or (B) any Seller Cash Contribution that the Seller is committed to make on or prior to the immediately following Distribution Date; *minus*
 - (iv) subject to paragraph (c) below, the aggregate of all Denominator Reduction Amounts in relation to Denominator Reduction Events occurring during the Trust Calculation Period immediately preceding the Relevant Trust Calculation Date.
- (b) For the avoidance of doubt, if the Seller fails to make a Seller Cash Contribution that it was committed to make on or prior to the immediately following Distribution Date in accordance with (a)D(iii)(B) above, and such failure is not cured within the Seller Share Event Cure Period, for the purpose of determining the Issuer Share Percentage on the Relevant Trust Calculation Date, item (a)D(iii)(B) above shall not take into account any amount of such Seller Cash Contribution that the Seller was committed to make, but did not make, on or prior to that Distribution Date or within the Seller Share Event Cure Period.
- (c) If a VM Mortgages Trustee Account Loss occurs after the Trust Calculation Period immediately preceding the Relevant Trust Calculation Date, for the purpose of determining the Issuer Share Percentage on the Relevant Trust Calculation Date, item (a)D(iv) above shall reflect such VM Mortgages Trustee Account Loss as a Denominator Reduction Amount notwithstanding the fact that such VM Mortgages Trustee Account Loss occurred after the relevant Trust Calculation Period.
- (d) If a VM Mortgages Trustee Account Recovered Amount is received after the Trust Calculation Period immediately preceding the Relevant Trust Calculation Date, for the purpose of determining the Issuer Share Percentage on the Relevant Trust Calculation Date, item (a)D(ii) above

shall include such VM Mortgages Trustee Account Recovered Amount notwithstanding the fact that such VM Mortgages Trustee Account Recovered Amount was received after the relevant Trust Calculation Period.

- (e) The Issuer Share calculated on a Relevant Trust Calculation Date is the ***Current Issuer Share*** in relation to the Trust Calculation Period in which such Relevant Trust Calculation Date occurs; and the Issuer Share Percentage calculated on a Relevant Trust Calculation Date is the ***Current Issuer Share Percentage*** in relation to the Trust Calculation Period in which such Relevant Trust Calculation Date occurs.

Current Seller Share Percentage and Current Seller Share on a Trust Calculation Date

7.3 On each Trust Calculation Date, the Trust Property Cash Manager shall recalculate the Seller Share Percentage and the Seller Share in accordance with the following formulae:

- (a) the ***Seller Share Percentage*** will be a percentage equal to 100 per cent., *minus* the Issuer Share Percentage (as calculated on such Relevant Trust Calculation Date); and
- (b) the ***Seller Share*** will be
 - (i) the aggregate amount of Trust Property (as at the Relevant Trust Calculation Date), *minus*
 - (ii) the amount of Mortgages Trustee Available Revenue Receipts to be distributed on the Distribution Date immediately following the Relevant Trust Calculation Date in accordance with Clause 8 (*Distribution of Revenue Receipts*), *minus*
 - (iii) the amount of Mortgages Trustee Available Principal Receipts to be distributed on the Distribution Date immediately following the Relevant Trust Calculation Date in accordance with Clause 9 (*Distribution of Principal Receipts*), *minus*
 - (iv) the Issuer Share (as calculated on such Relevant Trust Calculation Date), *plus*
 - (v) any Seller Cash Contribution that the Seller is committed to make on or prior to the immediately following Distribution Date.

7.4 The Seller Share calculated on a Relevant Trust Calculation Date is the ***Current Seller Share*** in relation to the Trust Calculation Period in which such Relevant Trust Calculation Date occurs; and the Seller Share Percentage calculated on a Relevant Trust Calculation Date is the ***Current Seller Share Percentage*** in relation to the Trust Calculation Period in which such Relevant Trust Calculation Date occurs.

Minimum Seller Share

- 7.5 On each Relevant Trust Calculation Date, the Trust Property Cash Manager shall recalculate the Minimum Seller Share in accordance with the following formula:

$$X + Y$$

where

X = 0.15% of the aggregate Current Balance of Mortgage Loans in the Trust Property as at the last day of the immediately preceding Trust Calculation Period; and

Y = the product of: p and q

where:

p = 24%;

q = the “flexible cash Borrow-back capacity”, being an amount equal to the difference between (1) the maximum amount of Cash Borrow-backs that Borrowers may make under Mortgage Loans included in the Trust Property (whether or not drawn) as at the last day of the immediately preceding Trust Calculation Period and (2) the aggregate current balance of Cash Borrow-backs on Mortgage Loans included in the Trust Property as at the last day of the immediately preceding Trust Calculation Period.

- 7.6 Pursuant to the Mortgages Trustee Principal Priority of Payments, following the redemption in full of the Class A Notes and Class M Notes, unless and until the Issuer’s Share of the Trust Property has been reduced to zero, then the Seller will not be entitled to receive distributions of Principal Receipts on any Distribution Date and all Principal Receipts will be applied in or towards redemption of the Issuer Share on such date, in accordance with paragraph (b) of Clause 9.2 (*Mortgages Trustee Principal Priority of Payments*).

Mandatory Seller Cash Contribution

- 7.7 On any Distribution Date the Seller shall be required to make a Seller Cash Contribution (each a ***Mandatory Seller Cash Contribution***) in a minimum amount equal to the Mandatory Seller Cash Contribution Amount as determined by the Trust Property Cash Manager on each Trust Calculation Date with respect to the next following Distribution Date.
- 7.8 Such Mandatory Seller Cash Contribution Amount shall be set off against a portion of the amount due to be paid to the Seller on such Distribution Date pursuant to the Mortgages Trustee Principal Priority of Payments (which amount shall be retained by the Mortgages Trustee in the Mortgages Trustee Transaction Accounts and/or the VM Mortgages Trustee Account and credited to the Trust Replenishment Ledger) and no Seller Share Event shall occur as a result.

Seller Share Event and Cure

- 7.9 Notwithstanding any other provision of this Deed if on any Distribution Date, a Seller Share Event occurs, the Seller may cure the Seller Share Event by making a Seller Cash Contribution ((which may applied by the Mortgages Trustee towards the purchase of New Mortgage Loans and their Related Security from the Seller pursuant to terms of this Deed and the Mortgage Sale Agreement) at any time during the period beginning on the date on which the Seller Share Event occurred and ending on the next following Trust Calculation Date (the ***Seller Share Event Cure Period***). Failure to cure a Seller Share Event within the Seller Share Event Cure Period shall result in a Pass-Through Trigger Event.

8. DISTRIBUTION OF REVENUE RECEIPTS

Mortgages Trustee Available Revenue Receipts

- 8.1 Mortgages Trustee Available Revenue Receipts will be distributed to the Beneficiaries in accordance with the Seller Revenue Share, in the case of the Seller, and the Issuer Revenue Share, in the case of the Issuer, in each case subject to payment of certain amounts in accordance with the Mortgages Trustee Revenue Priority of Payments. Mortgages Trustee Available Revenue Receipts, the Seller Revenue Share, the Issuer Revenue Share and the amounts to be distributed pursuant to each item of the Mortgages Trustee Revenue Priority of Payments (as defined below) will be calculated by the Trust Property Cash Manager on each Trust Calculation Date.

Mortgages Trustee Revenue Priority of Payments

- 8.2 Subject to Clause 10.1, on each Distribution Date, the Trust Property Cash Manager will apply the Issuer Revenue Share and the Seller Revenue Share of the Mortgages Trustee Available Revenue Receipts as calculated on the immediately preceding Trust Calculation Date in the following order of priority (the ***Mortgages Trustee Revenue Priority of Payments***):
- (a) in or towards payment of *pari passu* and *pro rata* (according to the respective amounts thereof), in each case from the Issuer Revenue Share and the Seller Revenue Share *pro rata* to the respective proportions of the Issuer Share Percentage and the Seller Share Percentage, amounts due to:
 - (i) the Mortgages Trustee in respect of its fees, expenses and remuneration payable under the provisions of the Mortgages Trust Deed;
 - (ii) third parties in respect of fees and expenses and all amounts due from the Mortgages Trustee in respect of the Mortgages Trust but only if:
 - (A) payment is not due as a result of a breach by the Mortgages Trustee of the documents to which it is a party; and/or

- (B) payment has not already been provided for elsewhere;
- (iii) the Mortgages Trustee Account Banks (including any amounts due in respect of the VM Mortgages Trustee Account) and in respect of Permitted Investments under the terms of the relevant Account Bank Agreement;
- (b) on any Distribution Date (i) occurring after the service of a Note Acceleration Notice and (ii) immediately preceding a Payment Date, from the Issuer Revenue Share only, to pay to the Issuer an amount equal to all amounts that the Issuer is required to pay to the Security Trustee (and any receiver appointed under the Deed of Charge) under paragraph (i) of the relevant Priority of Payments on the immediately following Payment Date plus, if applicable, the aggregate of any such amounts remaining unpaid in respect of previous Payment Dates;
- (c) *pari passu* and *pro rata* (according to respective amounts thereof), in each case from the Issuer Revenue Share and the Seller Revenue Share *pro rata* to the respective proportions of the Issuer Share Percentage and the Seller Share Percentage, in or towards payment of amounts due or to become due prior to the next following Distribution Date:
 - (i) to the Administrator under the Administration Agreement;
 - (ii) to the Back-Up Administrator Facilitator under the Administration Agreement;
 - (iii) to the Corporate Services Provider under the Corporate Services Agreement in respect of the Mortgages Trustee; and
 - (iv) to the Trust Property Cash Manager under the Trust Property Cash Management Agreement;
- (d) to allocate and pay:
 - (i) the remainder of the Seller Revenue Share to the Seller; and
 - (ii) the remainder of the Issuer Revenue Share to the Issuer.

9. DISTRIBUTION OF PRINCIPAL RECEIPTS

Mortgages Trustee Available Principal Receipts

- 9.1 Mortgages Trustee Available Principal Receipts and the amounts to be distributed pursuant to each item of the Mortgages Trustee Principal Priority of Payments (as defined below) will be calculated by the Trust Property Cash Manager on each Trust Calculation Date.

Mortgages Trustee Principal Priority of Payments

- 9.2 Subject to Clause 10.1, on each Distribution Date, the Trust Property Cash Manager will apply Mortgages Trustee Available Principal Receipts as calculated on the immediately preceding Trust Calculation Date in accordance

with the following provisions (the *Mortgages Trustee Principal Priority of Payments*):

- (a) on any Distribution Date prior to a Pass-Through Trigger Event:
 - (i) an amount equal to the lesser of (a) the amounts required by the Issuer to pay all amounts due under items (i), (ii)(a) and (iii)(a) of the Issuer Pre-Acceleration Principal Priority of Payments on the immediately following Payment Date, (b) all of the Mortgages Trustee Available Principal Receipts received during the previous Trust Calculation Period and (c) the Issuer Share of the Trust Property, shall be distributed to the Issuer; and
 - (ii) the Seller Principal Payment Amount shall be distributed to the Seller;
- (b) on any Distribution Date following a Pass-Through Trigger Event:
 - (i) an amount equal to the lesser of (a) the Issuer Share of the Trust Property, and (b) all of the Mortgages Trustee Available Principal Receipts received during the previous Trust Calculation Period shall be distributed to the Issuer; and
 - (ii) the Seller Principal Payment Amount shall be distributed to the Seller.

9.3 In addition, on any Distribution Date, the Mortgages Trustee and the Seller shall be entitled to set-off the Seller Principal Payment Amount payable by the Mortgages Trustee to the Seller pursuant to sub-paragraph (a)(ii) of Clause 9.2 (*Mortgages Trustee Principal Priority of Payments*) or, as applicable, sub-paragraph (b)(ii) of Clause 9.2 (*Mortgages Trustee Principal Priority of Payments*) above against any Seller Cash Contribution to be made by the Seller to the Mortgages Trustee on such Distribution Date.

9.4 If the Issuer Share has been reduced to zero and the Seller Share is above zero, all Mortgages Trustee Available Principal Receipts shall be for the account of the Seller. If and for so long as the Seller Share is zero and the Issuer Share is above zero, all Mortgages Trustee Available Principal Receipts shall be for the account of the Issuer.

9.5 The Trust Property Cash Manager shall distribute the Mortgages Trustee Available Principal Receipts apportioned to the Issuer to one or more of the Issuer Transaction Accounts or the VM Issuer Account.

10. PAYMENTS FOLLOWING A DISRUPTION EVENT

10.1 In respect of any Disruption Period, each of (i) the Mortgages Trustee (acting on behalf of the Beneficiaries at their joint direction and with their consent which is hereby given), (ii) the All Monies Mortgage Trustee (acting on behalf of the All Monies Mortgage Trust Beneficiaries at their joint direction and with their consent which is hereby given) and (iii) the Seller (as the party entitled to receive any Non-Trust Amounts) hereby directs the Trust Property

Cash Manager to act in accordance with the provisions of Schedule 4 (*Determinations and Reconciliations*) of the Trust Property Cash Management Agreement and, for the avoidance of doubt, hereby directs it not to make any payments under the Mortgages Trustee Revenue Priority of Payments or the Mortgages Trustee Principal Priority of Payments during such time.

Payment of Disruption Loan

10.2 The Mortgages Trustee, the All Monies Mortgage Trustee, the Beneficiaries, the All Monies Mortgage Beneficiaries and the Seller (as the party entitled to receive any Non-Trust Amounts and an All Monies Mortgage Trust Beneficiary) all hereby agree that any Disruption Loan paid to the Issuer pursuant to paragraph 2.2 of Schedule 4 (*Determinations and Reconciliations*) to the Trust Property Cash Management Agreement shall be paid:

- (a) *first*, from amounts that constitute Trust Property;
- (b) *second*, if required, from amounts that constitute Non-Trust Amounts; and
- (c) *third*, if required, from amounts that constitute the All Monies Mortgage Trust Property.

Order of priority for repayment of Disruption Loan

10.3 Following repayment of the Disruption Loan pursuant to clause 5.1 (*Repayment of Disruption Loan*) of the Issuer Cash Management Agreement, the Mortgages Trustee, the All Monies Mortgage Trustee, the Beneficiaries, the All Monies Mortgage Beneficiaries and the Seller (as the party entitled to receive any Non-Trust Amounts, the party with a beneficial interest in an All Monies Mortgage Trust Beneficiary) all hereby agree that the Disruption Loan Repayment Amounts shall be applied in the following order of priority:

- (a) *first*, in repayment of any amounts lent that constitute All Monies Mortgage Trust Property;
- (b) *second*, in repayment of any amounts lent that constitute Non-Trust Amounts; and
- (c) *third*, in repayment of any amounts lent that constitute Trust Property.

Cashflow reconciliation following repayment of Disruption Loan

10.4 In the case of any amounts repaid under Clause 10.3 (*Order of Priority for Repayment of Disruption Loan*) above, such amounts shall be netted off amounts paid to the Issuer on the next following Distribution Date.

11. ALLOCATION OF LOSSES

If a Loss is sustained on a Mortgage Loan during a Trust Calculation Period then the Issuer Share shall be reduced on the Trust Calculation Date immediately succeeding such Trust Calculation Period by an amount equal to the amount of such Loss multiplied by the Current Issuer Share Percentage in relation to the Trust Calculation Period in which the Loss occurred. The Trust

Property will be reduced by an amount equal to such Loss, and, as a consequence, the Seller Share will be reduced by an amount equal to the amount of such Loss multiplied by the Current Seller Share Percentage in relation to the Trust Calculation Period in which the Loss occurred.

12. VM MORTGAGES TRUSTEE ACCOUNT LOSSES AND VM MORTGAGES TRUSTEE ACCOUNT RECOVERED AMOUNTS

12.1 Impact on the Seller Share Percentage

- (a) If a VM Mortgages Trustee Account Loss occurs the Seller Share Percentage on the Relevant Trust Calculation Date shall be reduced in accordance with the provisions of Clause 7.2 (*Current Issuer Share Percentage and Current Issuer Share on a Trust Calculation Date*) and Clause 7.3 (*Current Seller Share Percentage and Current Seller Share on a Trust Calculation Date*) above.
- (b) If a VM Mortgages Trustee Account Recovered Amount is received the Seller Share Percentage on the Relevant Trust Calculation Date shall be increased in accordance with the provisions of Clause 7.2 (*Current Issuer Share Percentage and Current Issuer Share on a Trust Calculation Date*) and Clause 7.3 (*Current Seller Share Percentage and Current Seller Share on a Trust Calculation Date*) above.

Impact on Mortgages Trustee Available Revenue Receipts and Mortgages Trustee Available Principal Receipts

- 12.2 Any VM Mortgages Trustee Account Loss shall reduce the Mortgages Trustee Available Principal Receipts. Any VM Mortgages Trustee Account Loss in excess of the total Mortgages Trustee Available Principal Receipts received during the previous Trust Calculation Period shall be applied to reduce the Mortgages Trustee Available Revenue Receipts received during the previous Trust Calculation Period.
- 12.3 Following the receipt of any VM Mortgages Trustee Account Recovered Amount, such VM Mortgages Trustee Account Recovered Amount will be allocated (i) *firstly* as a Mortgages Trustee Available Revenue Receipt up to an amount equal to any Mortgages Trustee Revenue Receipts Reduction, and (ii) *secondly* as a Mortgages Trustee Available Principal Receipt up to an amount equal to any Mortgages Trustee Principal Receipts Reduction.

13. NON-TRUST AMOUNTS; DEFERRED CONTRIBUTIONS; SEPARATE TRUST

- 13.1 Pursuant to the Trust Property Cash Management Agreement, the Trust Property Cash Manager (at the direction of the Mortgages Trustee acting on behalf of the Beneficiaries at their joint direction and with their consent which is hereby given) will pay any Non-Trust Amounts received by the Mortgages Trustee, as and when identified, to the proper recipients thereof by making withdrawals from monies on deposit in the Mortgages Trustee Transaction Account and/or the VM Mortgages Trustee Account. The Mortgages Trustee and the Beneficiaries hereby consent to such withdrawals.

- 13.2 On each Payment Date prior to the delivery of an Enforcement Notice, the Mortgages Trustee will pay to the Seller by way of Deferred Consideration an amount, if any, equal to the amount of Deferred Contribution received from the Issuer on such Payment Date. On each Distribution Date following the delivery of an Enforcement Notice, the Mortgages Trustee will pay to the Seller by way of Deferred Consideration an amount, if any, equal to the amount of Deferred Contribution received from the Issuer on such Distribution Date.
- 13.3 Any Deferred Contribution and the Initial Contribution received by the Mortgages Trustee will not form part of the Trust Property but will instead be held by the Mortgages Trustee on a separate trust wholly for the benefit of the Seller until such amount of Deferred Contribution or Initial Contribution, as the case may be, is paid to the Seller. Payment of the Initial Contribution and any Deferred Contributions may be made in accordance with Clause 4.7 (*Application and payments by Mortgages Trustee*).

14. LEDGERS

- 14.1 The Mortgages Trustee shall maintain, or shall procure that the Trust Property Cash Manager shall maintain, the following Mortgages Trustee Ledgers:
- (a) the Principal Ledger, which shall record all Principal Receipts (including Seller Cash Contributions) and distribution of the same in accordance with this Deed to the Issuer and the Seller;
 - (b) the Trust Replenishment Ledger which shall record (i) any Seller Cash Contribution, (ii) any distribution of cash to be used by the Mortgages Trustee as cash consideration for the purchase of New Mortgage Loans and their Related Security pursuant to the terms of the Mortgage Sale Agreement and (iii) the distribution of amounts standing to the credit of the Trust Replenishment Ledger on a Distribution Date;
 - (c) the Revenue Ledger, which shall record all Revenue Receipts and distribution of the same in accordance with this Deed;
 - (d) the Issuer Loss/Seller Loss Ledger, which shall record Losses in relation to the Mortgage Loans;
 - (e) the Borrow-back Ledger, which shall be divided into sub-ledgers to record (i) Cash Borrow-backs and (ii) unpaid interest in respect of Non-Cash Borrow-backs for payment holidays;
 - (f) the Denominator Reduction Amount Ledger, which shall record Denominator Reduction Amounts and any recoveries in respect of Denominator Reduction Amounts;
 - (g) the Issuer Share/Seller Share Ledger which shall 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;

- (h) the Disruption Payments Revenue Ledger and Disruption Payments Principal Ledger, which for any Disruption Period where the relevant Distribution Date does not immediately precede a Payment Date, the Trust Property Cash Manager shall credit the Monthly Issuer Revenue Amount and the Monthly Issuer Principal Amount to; and
- (i) any other ledger as the Mortgages Trustee or the Trust Property Cash Manager may, from time to time, require in order to perform the Trust Property Cash Management Services pursuant to the Trust Property Cash Management Agreement.

15. FEES AND EXPENSES OF THE MORTGAGES TRUSTEE

Remuneration

- 15.1 The Mortgages Trustee shall be entitled to charge and be remunerated for the work undertaken by it as trustee of the trusts created by this Deed. The remuneration shall be on such terms (if any) as the Mortgages Trustee may from time to time agree with the Beneficiaries in writing. The Beneficiaries shall bear such remuneration between them in accordance with the respective proportions of the Issuer Share Percentage and the Seller Share Percentage and payment will be made in accordance with the Mortgages Trustee Revenue Priority of Payments.

Expenses and Liabilities

- 15.2 The Beneficiaries shall jointly indemnify the Mortgages Trustee from time to time with such regularity as is reasonably agreed between the parties *pro rata* to their respective Share Percentage of the Trust Property (as calculated at the immediately preceding Trust Calculation Date), for the costs, expenses and/or liabilities directly and properly incurred by the Mortgages Trustee in performing its obligations hereunder or otherwise in acting as trustee in accordance with the terms of this Deed and the other Transaction Documents to which the Mortgages Trustee is a party including any amounts in respect of Irrecoverable VAT incurred in respect of such costs and expenses.

16. DIRECTIONS FROM BENEFICIARIES

Administration Agreement and Trust Property Cash Management Agreement

- 16.1 The Beneficiaries hereby agree and jointly direct the Mortgages Trustee to, and the Mortgages Trustee covenants that it shall, on the Closing Date enter into each of the Transaction Documents to which it is a party, including without limitation, the Administration Agreement, the Mortgage Sale Agreement, the Trust Property Cash Management Agreement and perform its obligations under such Transaction Documents.

Directions from Beneficiaries

- 16.2 Subject to Clause 16.3 (*No Breach*) below, the Mortgages Trustee covenants with the Beneficiaries that the Mortgages Trustee shall take all necessary steps and do everything which both the Issuer and the Seller (acting together) may request or direct it to do in order to give effect to the terms of this Deed or the

other Transaction Documents to which the Mortgages Trustee is a party (including the appointment of a replacement administrator in accordance with the terms of the Administration Agreement), **provided that**, the Beneficiaries agree and hereby jointly direct the Mortgages Trustee that at any time after the Issuer Share has been reduced to zero the Mortgages Trustee shall not be required to act at the direction of both the Issuer and the Seller (acting together) and shall instead act in accordance with any direction given solely by the Seller.

No Breach

- 16.3 Each of the Issuer and the Seller covenants with each other and with the Mortgages Trustee that neither shall direct or request the Mortgages Trustee to do any act or thing which breaches the terms of, or is otherwise expressly dealt with (such that the Mortgages Trustee has no discretion) under any of the Transaction Documents.

No Requirement to Act

- 16.4 The Mortgages Trustee shall not be bound and shall have no power to take any proceedings, actions or steps under or in connection with any of this Deed or the other Transaction Documents to which it is a party unless:
- (a) it shall have been directed to do so by the Beneficiaries acting jointly (subject to Clause 16.2 (*Directions from Beneficiaries*) above) or it is required to do so under any express provision of this Deed or the other Transaction Documents; and
 - (b) it shall have been indemnified to its satisfaction against all liabilities, proceedings, claims and demands to which it may be or become liable and all costs, charges and expenses which may be incurred by it in connection therewith and the terms of such indemnity may include the provision of a non-recourse loan or other similar arrangement.

Covenants of the Mortgages Trustee

- 16.5 Subject to Clause 16.2 (*Directions from Beneficiaries*) the Mortgages Trustee covenants with each of the Seller and the Issuer to exercise all of its rights arising under or in respect of the Trust Property (including without limitation any rights of enforcement) for the benefit of and on behalf of the Beneficiaries.
- 16.6 The Mortgages Trustee, for the purposes Regulation (EU) 2015/848 of 20 May 2015 on insolvency proceedings (recast) (the **Regulation**), covenants with the Beneficiaries that it shall at all times (i) maintain its registered office and head office; and (ii) hold all meetings of its board of directors, in its jurisdiction of incorporation.

17. TRANSFERS AND DISPOSALS

Issuer Shall Not Assign

- 17.1 Subject to the right of the Issuer to assign by way of security its right, title, benefit and interest in the Trust Property and/or under this Deed to the Security Trustee under, or pursuant to, the Deed of Charge and subject to the right of the Security Trustee or an administrator or administrative receiver or a Receiver to sell the Issuer Share of the Trust Property and/or such right and interest under this Deed following the service of an Enforcement Notice (which right is hereby conferred), the Issuer covenants with the Seller that it shall not, and shall not purport to, sell, assign, transfer, convey, charge, declare a trust over, create any beneficial interest in, or otherwise dispose of the Issuer Share in the Trust Property or any part thereof, or any of the Issuer's rights, title, interest or benefit in any of the Mortgage Portfolio or the Trust Property.

Seller Shall Not Assign

- 17.2 The Seller covenants with the Issuer that it shall not, and shall not purport to, sell, assign, transfer, convey, charge, declare a trust over, create any beneficial interest in, or otherwise dispose of the Seller Share in the Trust Property or any part thereof or any of the Seller's rights, title, interest or benefit in the Trust Property, other than pursuant to the Transaction Documents.

18. REPRESENTATIONS AND COVENANTS

Representations

- 18.1 On the date hereof, the Issuer and the Mortgages Trustee make the representations and warranties set out in Schedule 1, Part A (*Issuer and Mortgages Trustee Representations and Warranties*) to this Deed to each of the other parties hereto.
- 18.2 On the date hereof, the Seller makes the representations and warranties set out in Schedule 1, Part B (*Seller Representations and Warranties*) to this Deed to each of the other parties hereto.

Covenants of the Mortgages Trustee

- 18.3 Save with the prior written consent of or at the direction of the Beneficiaries or as provided in or envisaged by this Deed and/or the other Transaction Documents, the Mortgages Trustee shall not, so long as it is acting as Mortgages Trustee hereunder:

(a) **Negative Pledge**

create or permit to subsist any mortgage, Standard Security, assignation, pledge, lien, charge or other security interest whatsoever (unless arising by operation of law), upon the whole or any part of its assets (including any uncalled capital) or its undertakings (present or future) or (to the extent that it is within the control of the Mortgages Trustee) upon the whole or any part of the Trust Property;

(b) **Disposal**

transfer, sell, lend, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire any of its assets or undertakings or (to the extent that it is within the control of the Mortgages Trustee) the Trust Property or any interest, estate, right, title or benefit therein or thereto or agree or attempt or purport to do so;

(c) **Equitable Interest**

knowingly permit any person other than the Beneficiaries to have any equitable or beneficial interest in any of its assets or undertakings or (to the extent that it is within the control of the Mortgages Trustee) the Trust Property or any interest, estate, right, title or benefit therein;

(d) **Bank Accounts**

have an interest in any bank account, other than as set out in the Transaction Documents;

(e) **Restrictions on Activities**

carry on any business other than as described in this Deed and the Transaction Documents;

(f) **Borrowings**

incur any indebtedness whatsoever or give any guarantee or indemnity in respect of any such indebtedness;

(g) **Merger**

consolidate or merge with any other person or convey or transfer its properties or assets substantially or as an entirety to any other person;

(h) **Premises or Employees**

have any premises or employees or subsidiaries; or

(i) **Further shares**

issue any further shares.

19. POWER TO DELEGATE

Power to delegate

19.1 Subject to Clause 19.2 (*No Further Appointments*), the Mortgages Trustee may (notwithstanding any rule of law or equity to the contrary) delegate (revocably or irrevocably and for a limited or unlimited period of time) the performance of all or any of its obligations and the exercise of all or any of its powers under this Deed or imposed or conferred on it by law or otherwise to any person or body of persons fluctuating in number selected by it and any such delegation may be by power of attorney or in such other manner as the Mortgages Trustee may think fit and may be made upon such terms and conditions (including the power to sub-delegate) as the Mortgages Trustee may think fit.

No Further Appointments

- 19.2 Notwithstanding the provisions of Clause 19.1 (*Power to Delegate*), the Mortgages Trustee shall not appoint any agent, attorney or other delegate having power to act in respect of the Trust Property unless it is directed in writing to do so by the Beneficiaries.

20. POWERS OF INVESTMENT

- 20.1 Save as expressly provided in this Deed, the Account Bank Agreements, the VM Mortgages Trustee Account Bank Agreement and the directions of the Beneficiaries the Mortgages Trustee shall have no power of investment with respect to the Trust Property and (to the extent permitted by applicable law) the relevant provisions of the Trustee Act 2000 are excluded nor shall any other provision relating to trustee powers of investment implied by statute or general law apply to the Mortgages Trust.

21. OTHER PROVISIONS REGARDING THE MORTGAGES TRUSTEE

No action to Impair Trust Property

- 21.1 Except for actions expressly authorised by this Deed, the Mortgages Trustee shall take no action reasonably likely to impair the interests of the Beneficiaries in any Trust Property now existing or hereafter created or to impair the value of any Mortgage Loan or its Related Security subject to the Mortgages Trust.

Litigation

- 21.2 The Mortgages Trustee must not prosecute or defend any legal or other proceedings anywhere in the world (at the cost of the Trust Property) unless it obtains legal or other advice that it is in the interests of the Beneficiaries to do so.

No Implied Duties

- 21.3 The duties and obligations of the Mortgages Trustee under the Mortgages Trust shall be determined solely by the express provisions of this Deed (but without prejudice to the duties and obligations of the Mortgages Trustee under any of the other Transaction Documents). The Mortgages Trustee shall not be liable under this Deed except for the performance of such duties and obligations as shall be specifically set forth in this Deed or as jointly directed by the Seller and the Issuer in accordance with Clause 16.2 (*Directions from Beneficiaries*). No implied covenants or obligations shall be read into this Deed against the Mortgages Trustee, and the permissible right of the Mortgages Trustee to do things set out in this Deed shall not be construed as a duty.
- 21.4 To the greatest extent permitted by law, none of Parts I, II, III, IV or V of the Trustee Act 2000 nor the requirement to discharge the duty of care set out in Section 1(1) of the Trustee Act 2000 in exercising any of its powers shall apply to the trust constituted by this Deed or the Mortgages Trustee's role in respect of the Trust. The disapplication of those Parts or Sections of the

Trustee Act 2000 shall constitute an exclusion of the relevant Parts or Sections of the Trustee Act 2000 for the purposes of that Act.

21.5 **No Liability**

None of the Mortgages Trustee, the Issuer (in its capacity as a Beneficiary) or the Seller (in its capacity as a Beneficiary) shall be liable to each other, in the absence of wilful default, fraud, negligence or breach of the terms of this Deed, in respect of any loss or damage which arises out of the exercise or attempted or purported exercise or failure to exercise any of their respective powers.

Reliance on Certificates

- 21.6 The Mortgages Trustee may rely on and shall be protected in acting on, or in refraining from acting in accordance with, any resolution, officer's certificate, certificate of auditors or any other certificate, statement, instrument, opinion, report, notice, request, consent, order, appraisal, bond or other paper or document believed by it to be genuine and to have been signed or presented to it pursuant to the Transaction Documents by the proper party or parties.

Reliance on Third Parties

- 21.7 The Mortgages Trustee may, in relation to this Deed, act on the opinion or advice of or a certificate or any information obtained from any lawyer, banker, valuer, broker, accountant, financial adviser, securities dealer, merchant bank, computer consultant or other expert in the United Kingdom or elsewhere and shall not, **provided that**, it shall not have acted fraudulently or in breach of any of the provisions of the Transaction Documents, be responsible for any loss occasioned by so acting. Any such opinion, advice, certificate or information may be sent or obtained by letter, facsimile or other electronic communication and the Mortgages Trustee shall not be liable for acting on any opinion, advice, certificate or information purporting to be so conveyed although the same shall contain some error or shall not be authentic, **PROVIDED THAT**, such error or lack of authenticity shall not be manifest.

22. NO RETIREMENT OF MORTGAGES TRUSTEE

No Retirement

- 22.1 The Mortgages Trustee shall not, and shall not purport to, retire as the trustee of the Mortgages Trust or appoint any additional trustee of this trust and shall have no power to retire or appoint any additional trustee under the Trustee Act 1925 or otherwise.

No Replacement

- 22.2 Neither the Seller nor the Issuer shall at any time remove or purport to remove and/or replace the Mortgages Trustee as the trustee of this trust.

No Termination

- 22.3 Prior to the payment by the Issuer of all amounts owing under the Transaction Documents, the Beneficiaries hereby agree that neither the Seller nor the

Issuer shall at any time, except in accordance with the provisions of Clause 23 (*Termination*), terminate or purport to terminate the Mortgages Trust and, in particular, but without prejudice to the generality of the foregoing, the Seller and the Issuer shall not in reliance on their absolute beneficial interests in the Trust Property call for the transfer to them or vesting in them of the legal estate in all or any part of the Trust Property.

23. TERMINATION

Termination of the Mortgages Trust

The Mortgages Trust hereby constituted shall terminate upon the date upon which the Trust Property is zero and for the avoidance of doubt, none of Clauses 17.1 (*Issuer shall not Assign*), 17.2 (*Seller shall not Assign*), this Clause 23 nor any other provision of this Deed shall prejudice any entitlement of the Beneficiaries under the operation of the law as generally applicable to trusts to join in calling for the transfer to them or vesting in them jointly (or at their direction) of the legal estate in or full ownership of all or any part of the Trust Property.

24. FURTHER ASSURANCES

The parties agree that they will co-operate fully to do all such further acts and things and execute any further documents as may be necessary or desirable to give full effect to the arrangements contemplated by this Deed.

25. NO PARTNERSHIP OR AGENCY

Nothing in this Deed shall be taken to constitute or create a partnership between any of the parties to this Deed or to make or appoint the Seller the agent of the Issuer (or *vice versa*).

26. CALCULATIONS

In the absence of manifest error, any determination or calculation by or on behalf of the Mortgages Trustee in connection with the provisions of this Deed shall be deemed to be conclusive.

27. CONFIDENTIALITY

27.1 Each party to this Deed agrees at all times, including after the Final Discharge Date, that it shall keep confidential and will not disclose to any person, firm or company whatsoever any information relating to the business, finances or other matters of a confidential nature of any party to the Transaction Documents, which it may have obtained as a result of the execution or performance of any Transaction Document, **provided however that** the provisions of this Clause 27 shall not apply:

- (a) to the disclosure of any information to the Security Trustee or the Note Trustee or to any other person who is a party to any of the Transaction Documents as expressly permitted by the Transaction Documents;

- (b) to the disclosure of any information by such party to any of its Affiliates, **provided that**, before any such disclosure, the party shall make the relevant employees of the Affiliate aware of their obligations of confidentiality under the relevant Transaction Document and shall at all times procure compliance with such obligations by such employees;
- (c) to the disclosure of any information which is or becomes public knowledge otherwise than as a result of the wrongful conduct of the recipient;
- (d) to the extent that such disclosure is required pursuant to any law or order of any court or pursuant to any direction or requirement (whether or not having the force of law) of any central bank or any governmental or other regulatory or taxation authority including any industry guidelines or industry best practice adopted by issuers of residential mortgage backed securities;
- (e) to the disclosure of any information to professional advisers (including, without prejudice to the generality of the foregoing, consultants, auditors or lawyers) who receive the same under a duty of confidentiality;
- (f) to the disclosure of any information with the consent of the parties hereto;
- (g) to the disclosure to the Rating Agencies (or any of them) of such information as may be requested by any of them for the purposes of setting or reviewing the rating assigned to the Notes (or any of them) and the corresponding disclosure of such information to those persons who are entitled to view the 17g-5 Information Provider's Website;
- (h) to any disclosure for the purposes of collecting in or enforcing the Trust Property or any of it;
- (i) in the case of the Security Trustee or the Note Trustee, in connection with transferring or purporting to transfer its rights and obligations to a successor Security Trustee or Note Trustee, respectively; and
- (j) to the extent that the recipient needs to disclose the same to any of the employees of the Seller, **provided that**, before any such disclosure the Seller shall make the relevant employees of the Seller aware of its obligations of confidentiality under the relevant Transaction Document and shall at all times procure compliance with such obligations by such employees.

28. ENTIRE AGREEMENT

28.1 This Deed and the schedules together constitute the entire agreement and understanding between the parties in relation to the subject matter of this Deed and cancel and replace any other agreement or understanding in relation to such subject matter.

28.2 Each party to this Deed agrees that:

- (a) it has not entered into this Deed in reliance upon any representation, warranty or undertaking of any other party which is not expressly set out or referred to in this Deed; and
- (b) except in respect of an express representation or warranty under any of the Transaction Documents, it shall not have any claim or remedy (whether in equity, contract or tort, under the Misrepresentation Act 1967 or in any other way) in respect of any misrepresentation or breach of warranty by any other party or in respect of any untrue statement by any other party, regardless of whether such misrepresentation, breach or untrue statement was made, occurred or was given prior to the execution of any of the Transaction Documents.

28.3 This Clause 28 shall not exclude any liability for fraudulent misrepresentation.

28.4 Nothing in this Clause shall have the effect of limiting or restricting any liability of a Transaction Party arising as a result of any wilful default, fraud, illegal dealing, negligence or material breach of this Deed or breach of trust by such person.

29. OBLIGATIONS AS CORPORATE OBLIGATIONS

No party shall have any recourse against nor shall any personal liability attach to any shareholder, officer, agent, employee or director of the Mortgages Trustee in his capacity as such, by any Proceedings or otherwise, in respect of any obligation, covenant, or agreement of the Mortgage Trustee contained in this Deed.

30. CONTINUATION OF OBLIGATIONS

Except to the extent that they have been performed and except where specifically provided otherwise, the warranties, representations, indemnities, and obligations contained in this Deed remain in force from the date on which they were expressed to take effect and thereafter until the Final Discharge Date.

31. AMENDMENTS

No amendment or waiver of any provision of this Deed nor consent to any departure by any of the parties therefrom shall in any event be effective unless the same shall be in writing and signed by each of the parties hereto. In the case of a waiver or consent, such waiver or consent shall be effective only in the specific instance and as against the party or parties giving it for the specific purpose for which it is given.

32. WAIVERS

The respective rights of each of the parties to this Deed are cumulative and may be exercised as often as each considers appropriate and are in addition to their respective rights under the general law. No failure on the part of any party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right

preclude any other or further exercise thereof or the exercise of any other right. The remedies in this Deed are cumulative and not exclusive of any remedies provided by law.

33. NOTICES

The provisions of clause 22 (*Notices*) of the Deed of Charge shall apply to this Deed in respect of the parties hereto as if set out in this Deed in full, *mutatis mutandis*.

34. THIRD PARTY RIGHTS

A person who is not a party to this Deed may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999, but this shall not affect any right or remedy of a third party which exists or is available apart from that Act.

35. SEVERABILITY

Where any provision in or obligation under this Deed shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations under this Deed, or of such provision or obligation in any other jurisdiction, shall not be affected or impaired thereby.

36. COUNTERPARTS

This Deed may be executed in any number of counterparts and by each party on separate counterparts. Each counterpart is an original but all counterparts shall together constitute one and the same instrument. Delivery of a counterpart of this Deed by e-mail attachment or telecopy shall be an effective mode of delivery.

37. GOVERNING LAW

This Deed and any non-contractual obligation arising out of or in relation to this Deed shall be governed by, and interpreted in accordance with, English law, **provided that**, terms hereof which are particular to Scots law shall be construed in accordance with Scots law.

38. JURISDICTION

Submission to Jurisdiction

- 38.1 Each party agrees that the English courts (except if otherwise set out in this Deed) shall have exclusive jurisdiction in relation to all disputes arising out of or in connection with this Deed (including claims for set-off and counterclaims), including, without limitation, disputes arising out of or in connection with: (a) the creation, validity, effect, interpretation, performance or non-performance of, or the legal relationships established by, this Deed; and (b) any non-contractual obligation arising out of or in connection with this Deed. For such purposes each party irrevocably submits to the jurisdiction of

the English courts and waives any objection to the exercise of such jurisdiction.

Inconvenient Forum and Enforcement Abroad

38.2 Each party:

- (a) waives any objection to the choice of or submission to the English courts on the grounds of inconvenient forum or otherwise as regards proceedings in connection with this Deed or any non-contractual obligation arising out of or in connection with this Deed; and
- (b) agrees that a judgment, declaration or order (whether interim or final) of an English court in connection with this Deed or any non-contractual obligation arising out of or in connection with this Deed is conclusive and binding on it and may be enforced against it in the courts of any other jurisdiction.

IN WITNESS of which this Deed has been executed by the parties hereto which has been delivered on the date first appearing on page one.

Issuer and Beneficiary

EXECUTED as a **DEED** by)
GOSFORTH FUNDING 2018-1 PLC)

Signature of director _____

Name of director _____

Signature of director/secretary _____

Name of director/secretary _____

**Mortgages Trustee, All Monies Trustee and All Monies Mortgage Trust
Beneficiary**

EXECUTED as a **DEED** by)
GOSFORTH MORTGAGES)
TRUSTEE 2018-1 LIMITED)

Signature of director _____

Name of director _____

Signature of director/secretary _____

Name of director/secretary _____

Seller, Trust Property Cash Manager, Beneficiary and All Monies Mortgage Trust Beneficiary

EXECUTED as a **DEED** by)
VIRGIN MONEY PLC)

Signature of Authorised Signatory _____

Name of Authorised Signatory _____

Signature of witness _____

Name of witness _____

Address of witness _____

Occupation of witness _____

Schedule 1

Representations and Warranties

Part A Issuer and Mortgages Trustee Representations and Warranties

1. Status

It is duly incorporated and registered under the laws of England and Wales, capable of being sued in its own right and not subject to any immunity from any proceedings, and it has the power to own its property and assets and to carry on its business as it is being conducted.

2. Powers and Authority

It has the power to enter into, perform and deliver, and has taken all necessary corporate and other action to authorise the execution, delivery and performance by it of each of the Transaction Documents to which it is or will be a party, and each such Transaction Document has been duly executed and delivered by it.

3. Legal Validity

Each Transaction Document to which it is or will be a party constitutes or when executed in accordance with its terms will constitute its legal, valid and binding obligation except obligations relating to stamp duties which may be void by virtue of section 117 of the Stamp Act 1891.

4. Non-Conflict

The execution by it of each of the Transaction Documents to which it is a party and the exercise by it of its rights and the performance of its obligations under such Transaction Documents will not:

- (a) conflict with any document which is binding upon it or any of its assets;
- (b) conflict with its constitutional documents; or
- (c) conflict with any law, regulation or official or judicial order of any government, governmental body or court, domestic or foreign, having jurisdiction over it.

5. No Litigation

It is not a party to any material litigation, arbitration or administrative proceedings and, to its knowledge, no material litigation, arbitration or administrative proceedings are pending or threatened against it.

6. Consents and Licences

All governmental consents, licences and other approvals and authorisations required in connection with the entry into, performance, validity and enforceability of, and the transactions contemplated by, the Transaction

Documents have been obtained or effected (as appropriate) and are in full force and effect.

7. Credit Institution

It is not an insurance undertaking, credit institution, investment undertaking holding funds or securities for third parties or a collective investment undertaking for the purposes of Article 1(2) of the EU Regulation.

8. Centre of Main Interests

Its Centre of Main Interests (as defined in EU Regulation) is in the United Kingdom.

9. Solvency

It is not unable to pay its debts within the meaning of Section 123(2) of the Insolvency Act;

10. Establishment

It does not have an establishment (as defined in Article 2(10) of the EU Regulation) outside the United Kingdom.

Part B Seller Representations and Warranties

1. Status

It is duly incorporated and registered under the laws of England and Wales, capable of being sued in its own right and not subject to any immunity from any proceedings, and it has the power to own its property and assets and to carry on its business as it is being conducted.

2. Powers and Authority

It has the power to enter into, perform and deliver, and has taken all necessary corporate and other action to authorise the execution, delivery and performance by it of each of the Transaction Documents to which it is or will be a party, and each such Transaction Document has been duly executed and delivered by it.

3. Legal Validity

Each Transaction Document to which it is or will be a party constitutes or when executed in accordance with its terms will constitute its legal, valid and binding obligation except obligations relating to stamp duties which may be void by virtue of section 117 of the Stamp Act 1891.

4. Non-Conflict

The execution by it of each of the Transaction Documents to which it is a party and the exercise by it of its rights and the performance of its obligations under such Transaction Documents will not:

- (a) conflict with any document which is binding upon it or any of its assets;
- (b) conflict with its constitutional documents; or
- (c) conflict with any law, regulation or official or judicial order of any government, governmental body or court, domestic or foreign, having jurisdiction over it.

5. No Litigation

It is not a party to any material litigation, arbitration or administrative proceedings and, to its knowledge, no material litigation, arbitration or administrative proceedings are pending or threatened against it.

6. Consents and Licences

All governmental consents, licences and other approvals and authorisations required in connection with the entry into, performance, validity and enforceability of, and the transactions contemplated by, the Transaction Documents have been obtained or effected (as appropriate) and are in full force and effect.

7. Centre of Main Interests

Its Centre of Main Interests (as defined in EU Regulation) is in the United Kingdom.

8. Solvency

It is not unable to pay its debts within the meaning of Section 123(2) of the Insolvency Act;

9. Establishment

It does not have an establishment (as defined in Article 2(10) of the EU Regulation) outside the United Kingdom.