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EXECUTION VERSION

SERVICING AGREEMENT

15 JUNE 2021

TARGET SERVICING LIMITED
as the Servicer

and

ONESAVINGS BANK PLC
as the Master Servicer

and

ROCHESTER MORTGAGES LIMITED
as the Legal Title Holder

and

ROCHESTER FINANCING NO. 3 PLC
as the Issuer

and

U.S. BANK TRUSTEES LIMITED
as the Security Trustee

ALLEN & OVERY

Allen & Overy LLP

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THIS AGREEMENT is made on 15 June 2021

BETWEEN:

- (1) **TARGET SERVICING LIMITED** (registered number 05618062), a private limited company incorporated under the laws of England and Wales, whose registered office is at Target House, Cowbridge Road East, Cardiff CF11 9AU (in its capacity as the **Servicer**);
- (2) **ONESAVINGS BANK PLC** (registered number 07312896), a public limited company incorporated under the laws of England and Wales, whose registered office is at Reliance House, Sun Pier, Chatham, Kent ME4 4ET (in its capacity as the **Master Servicer**);
- (3) **ROCHESTER MORTGAGES LIMITED** (registered number 09928431), a private limited company incorporated under the laws of England and Wales, whose registered office is at Reliance House, Sun Pier, Chatham, Kent ME4 4ET (in its capacity as the **Legal Title Holder**);
- (4) **ROCHESTER FINANCING NO. 3 PLC** (registered number 13365012), a public limited company incorporated under the laws of England and Wales, whose registered office is at 1 Bartholomew Lane, London, United Kingdom, EC2N 2AX (in its capacity as the **Issuer**); and
- (5) **U.S. BANK TRUSTEES LIMITED** (registered number 2379632), a private limited company incorporated under the laws of England and Wales whose registered office is at 125 Old Broad Street, Fifth Floor, London EC2N 1AR (in its capacity as the **Security Trustee**).

WHEREAS:

- (A) Pursuant to the Mortgage Sale Agreement, the Legal Title Holder has agreed to sell certain Loans and their Related Security comprised in the Portfolio and all amounts derived thereof from time to time to the Issuer.
- (B) The Servicer has agreed to provide, on and from the Closing Date, the Services to the Issuer and (for the purposes set out in Clause 1.4 and, for so long only as it may hold legal title to any of the Loans and their Related Security) the Legal Title Holder, on the terms and subject to the conditions contained in this Agreement.
- (C) The Issuer has separately appointed the Master Servicer, pursuant to the Master Servicing Agreement, to act on its behalf to provide certain services in relation to, *inter alia*, the Loans and their Related Security sold to the Issuer by the Legal Title Holder.
- (D) The Issuer proposes to assign to the Security Trustee, pursuant to the Deed of Charge, its interest in the Portfolio and other assets as security for its obligations to the Security Trustee and the other Secured Creditors.

IT IS HEREBY AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

- 1.1 The master definitions and construction schedule signed by, amongst others, the parties to this Agreement and dated on or about 15 June 2021 (as the same may be amended, restated, varied, supplemented, replaced and/or novated from time to time with the consent of the parties thereto) (the **Master Definitions and Construction Schedule**) is expressly and specifically incorporated into this Agreement and, accordingly, the expressions defined in the Master Definitions and Construction Schedule shall, except where the context otherwise requires and save where otherwise defined herein

(including those definitions set out in this Clause 1), have the same meanings in this Agreement, including the Recitals hereto, and this Agreement shall be construed in accordance with the interpretation provisions set out in Clause 2 of the Master Definitions and Construction Schedule.

- 1.2 Save as expressly provided herein, any warranties or undertakings given by a Party are made to each other Party.
- 1.3 Unless expressly provided otherwise, references in this Agreement to the appointment by the Issuer of the Servicer shall, for so long as legal title to any of the Loans and their Related Security comprised in the Portfolio are held by the Legal Title Holder (including without limitation, pursuant or subject to a Scottish Trust) pending transfer of the Legal Title Holder's legal title to such Loans and Related Security to the Issuer (in accordance with Clause 6 of the Mortgage Sale Agreement), be read as a reference to the appointment of the Servicer by the Legal Title Holder as the holder of legal title to those Loans and their Related Security (including without limitation in its capacity as trustee of the relevant Scottish Trust) acting upon the instruction of the Issuer in its capacity as holder of beneficial title to those Loans and their Related Security or as beneficiary under the relevant Scottish Trust (and it is acknowledged and agreed that the Servicer shall not be acting in an agency relationship with the Issuer thereunder).
- 1.4 Unless expressly provided otherwise, references in this Agreement to monies, funds, sums or payments "belonging to" or "available to" the Issuer or "due to" the Issuer from a Borrower or the Legal Title Holder, shall, in respect of the Loans and their Related Security comprising the Portfolio that are held by the Legal Title Holder pending transfer of the legal title to the Issuer (in accordance with clause 6 of the Mortgage Sale Agreement), be deemed to include (without double counting) reference to monies, funds, sums or payments "belonging to" or "available to" the Legal Title Holder or "due to" the Legal Title Holder in its capacity as the holder of legal title to those Loans and their Related Security (including, without limitation, in its capacity as trustee under the relevant Scottish Trust for the benefit of the Issuer as beneficiary thereunder).
- 1.5 In this Agreement:

Additional Audit Event means:

- (a) the Servicer breaching any Requirement of Law binding upon it;
- (b) the Servicer, the Master Servicer or the Legal Title Holder receiving a notice from a Regulator or a UK Regulator in connection with the Portfolio; or
- (c) any material changes being made to any Requirement of Law binding on the Servicer or the Legal Title Holder.

Arrears Servicing Fee has the meaning given to in Clause 14.1(c) (Servicing Fees).

Associated Costs means statutory redundancy pay, payment in lieu of notice (which for the avoidance of doubt shall not include pay during any notice period worked by any employee) and payment in lieu of accrued but untaken holidays.

Audit has the meaning given in Clause 18.1 (Access to Records).

Business Continuity Plan means the Servicer's plan which sets out the procedures to be adopted by the Servicer in the event that any of the Services cannot be performed by reason of an Incident.

Calculation Date means first day of the applicable Calculation Period;

Calculation Period means a calendar month;

Change Management Procedure has the meaning given in Clause 3.4 (Changes to Service Specification).

Change Notice has the meaning given in Clause 3.4 (Changes to Service Specification).

Charge-Out Rates means the daily rates for Servicer personnel set out in Schedule 4, as amended from time to time in accordance with this Agreement.

Confidential Information means all information or data, including all oral and visual information and data and all information or data recorded in writing or in any other medium or by any other method, disclosed to or obtained by one Party from another Party or from a third party on behalf of another Party, which is marked confidential or which is, by its very nature, confidential including information relating to another Party's operations, processes, systems, plans, intentions, product information, know-how, design rights, trade secrets, software, market opportunities, clients and business affairs and information or data owned by clients or customers of a Party.

Core Hours mean for primary servicing (as set out in the Service Specification) 0900 to 1700 Monday to Friday and for special servicing (as set out in the Service Specification) 0800 to 2000 Monday to Thursday, 0800 to 1800 on Friday and 0900 to 1200 on Saturday, other than national or public holidays.

Enforcement Procedures means the procedures for the enforcement of Mortgages as specified in the Service Specification.

Expense Cap means an amount equal to 1.2 multiplied by the average of the Servicer Expenses of the Servicer over the previous 6 months.

Good Industry Practice means the mortgage administration practice prevalent in the mortgage administration business relating to assets that are substantially similar to the Loans from time to time and always to the standard of a Prudent Residential Mortgage Servicer.

Group means in relation to the Servicer, any parent undertaking of the Servicer and all subsidiary undertakings of the Servicer and its parent undertaking.

Historic Servicing Agreement means the Servicing Agreement made between Target Servicing Limited, OneSavings Bank PLC, Rochester Mortgages Limited, Rochester Financing No. 2 PLC, U.S. Bank Trustees Limited and DB UK Bank Limited and dated 26 February 2016.

Incident means an event which results in the Servicer being unable to perform any of the Services and which invokes the Business Continuity Plan in accordance with its terms.

Minimum Servicing Fee has the meaning given in Clause 14.1(a)(i) (Servicing Fees).

Party or **Parties** mean a party to this Agreement.

Records mean books of account, statements, transaction slips and vouchers, file notes, commentaries, financial and management reports and Loan Files relating to the Services to be kept by the Servicer whether electronically (and in such case in machine-readable form and format) or otherwise.

Redemption Fee has the meaning given in Clause 14.1(d) (Servicing Fees).

Regulator means any person having regulatory and/or supervisory authority over all or any part of:

- (a) the Services, or
- (b) the business of the Servicer or the Legal Title Holder or, if applicable, the Issuer.

Required Change has the meaning given in Clause 3.4 (Changes to Service Specification).

Services has the meaning given in Clause 2.1.

Service Specification means, subject to Clause 3.4 (Changes to Service Specification), the specification scheduled to this Agreement in Schedule 5 (Service Specification).

Servicer Insurances mean the insurances effected and maintained by the Servicer to provide adequate and effective cover for the Servicer Insured Risks as would be effected and maintained by a Prudent Residential Mortgage Servicer.

Servicer Insured Risks mean:

- (a) reinstatement of the Servicer's own premises, equipment, records, documents, files, papers, accounts and computer software, and
- (b) professional negligence.

Servicer Make-Whole Fee has the meaning given in Clause 14.2.

Servicer Reports mean the reports detailed in Clause 4.8 (*Reporting*) and such other reports and information as may be agreed between the Issuer and the Servicer.

Servicer Resignation Event means the occurrence of any of the following events:

- (a) a default is made by the Issuer in the payment of the fees or any other amounts due and payable to the Servicer under this Agreement and such default continues unremedied for 15 days from the date such payment is due;
- (b) a default is made by the Issuer in the performance or observance of any of its other covenants and obligations under this Agreement, and in the reasonable opinion of the Servicer such default causes a material adverse effect on any of (i) the performance of the Services or (ii) the ability of the Servicer to fulfil its general corporate obligations or its regulatory or statutory obligations or (iii) the Servicer's reputation, or its economic or financial interests, and such default continues unremedied for a period of 20 Business Days after the earlier of the Issuer becoming aware of such default and receipt by the Issuer of written notice from the Servicer requiring the default to be remedied, provided that where an obligation or covenant is required to be performed by a third party on behalf of the Issuer, default by such third party in the performance of such obligations shall not constitute a Servicer Resignation Event; or
- (c) the occurrence of an Insolvency Event in respect of the Issuer.

Servicing Fee has the meaning given in Clause 14.1(a) (Servicing Fees).

Standard Servicing Fee has the meaning given in Clause 14.1(b) (Servicing Fees).

System means the Servicer's core system and such other systems from time to time used by the Servicer in the provision of the Services.

Third Party Providers has the meaning give in Clause 4.2 (Third Party Providers).

Time and Materials Basis means a time and materials basis calculated using, to the extent relevant, the Charge-Out Rates.

Transfer Regulations means the Transfer of Undertakings (Protection of Employment) Regulations 2006;

1.6 The following provisions are supplementary to the terms of the Master Definitions and Construction Schedule:

- (a) reference to any statute or statutory provision includes a reference:
 - (i) to that statute or statutory provision as from time to time consolidated, modified, re enacted (with or without modification) or replaced by any statute or statutory provision;
 - (ii) to any repealed statute or statutory provision which it re-enacts (with or without modification); and
 - (iii) any subordinate legislation made under the relevant statute;
- (b) any reference to **law** includes common or customary law and any constitution, decree, judgment, legislation, order, ordinance, regulation, statute, treaty or other legislative measure in any jurisdiction and any present or future directive, regulation, guideline practice, concession, request or requirement whether or not having the force of law issued by any governmental body, agency or department or any central bank or other fiscal, monetary, taxation, regulatory, self-regulatory or other authority or agency;
- (c) references to liabilities, powers, obligations, property, rights, assets or other tangible or intangible things includes the whole or any part of them, present and future, actual and contingent and in any part of the world;
- (d) references to the recitals and schedules constitute an integral part of this Agreement;
- (e) references to the recitals, clauses and schedules are to the introduction, clauses and schedules of this Agreement;
- (f) periods of time are to be interpreted as follows:
 - (i) **business day** means any day except Saturday and Sunday on which clearing banks are ordinarily open for business in the City of London;
 - (ii) **business hours** means the hours between 0900 to 1700 on any business day;
 - (iii) **day** means a period of 24 hours running from midnight to midnight and a reference to a time of day is to London time;
 - (iv) **month** means a calendar month; and
 - (v) **year** means any period of 12 consecutive months;
- (g) references to dates that do not fall on a business day are to be construed as references to the immediately subsequent business day;

- (h) references in this Agreement to **reasonable efforts** will be construed as the relevant party taking those steps which a prudent and conscientious person would take acting in its own interests in satisfying their obligations under this Agreement;
- (i) wherever in this Agreement a period of time is referred to, the day upon which that period commences is the day from which the period is expressed to run, or the day upon which the event occurs which causes the period to start running;
- (j) the words **include, including** and **in particular** are to be construed as being by way of illustration or emphasis only and are not to be construed so as to limit the generality of any words preceding them; and
- (k) the word **property** includes choses in action and other intangible property.

2. APPOINTMENT OF THE SERVICER

2.1 Subject to Clause 2.8 below:

- (a) the Issuer; and
- (b) the Legal Title Holder,

each appoint the Servicer and the Servicer accepts the appointment as the Issuer's and the Legal Title Holder's agent to undertake the obligations and duties set out in and in accordance with this Agreement (the **Services**). The Security Trustee consents to the appointment of the Servicer on the terms of and subject to the conditions of this Agreement.

2.2 Each of the Issuer and the Legal Title Holder authorises the Servicer to act as agent in the name of the Issuer and the Legal Title Holder as necessary in relation to the performance of this Agreement and the provision of the Services. The Issuer and the Legal Title Holder each confirms that the foregoing appointment confers on the Servicer all powers, authority and discretion which are necessary for, or incidental to, the Servicer's appointment subject to the terms and conditions of this Agreement and each of the Issuer and the Legal Title Holder undertakes to ratify and confirm everything which the Servicer may do in the lawful exercise of those powers, authority and discretion, provided that the Servicer has complied with this Agreement in all material respects in the exercise of such powers, authority and discretion, provided that:

- (a) neither the Issuer nor its directors shall be required or obliged at any time to enter into any transaction or to comply with any directions which the Servicer may give with respect to the operating and financial policies of the Issuer, and the Servicer hereby acknowledges that all powers to determine such policies are, and shall at all times remain, vested in the Issuer (and its directors) and none of the provisions of this Agreement shall be construed in a manner inconsistent with this proviso;
- (b) the Servicer shall have no authority by virtue of this Agreement to act for or to represent any other party to this Agreement as agent or otherwise save in respect of those functions and duties which it is authorised to perform and discharge by this Agreement on behalf of that party and in the period during which this Agreement so authorises it to perform and discharge these functions and duties;
- (c) the Servicer shall not knowingly take any action which would cause the Issuer to breach any Requirement of Law binding upon it or the terms of any Transaction Documents to which the Issuer is a party; and

- (d) the Servicer shall not sell, transfer or otherwise dispose of, or enter into any agreement for the sale, transfer or other disposal of, any interest in the Loans and their Related Security other than as expressly permitted under this Agreement.

2.3 The Issuer and the Legal Title Holder shall execute:

- (a) a Power of Attorney in accordance with Clause 6 (Powers of Attorney);
- (b) all necessary agreements to allow the Servicer to accept credit and debit card payments and other agreed forms of payment on behalf of the Issuer and the Legal Title Holder (as legal owner of the Loans);
- (c) all necessary documentation to allow the Servicer to discharge any Mortgage on behalf of the Issuer and the Legal Title Holder as legal owner of the Loans, including electronically with the relevant Land Registry or, as applicable, Registers of Scotland; and
- (d) such other written authorisations, mandates and instruments as are reasonably necessary to enable the Servicer to perform its obligations under this Agreement, including its obligations in relation to the registration and discharge of the Mortgages and the operation by the Servicer of the Collection Accounts.

2.4 The Servicer shall:

- (a) perform the Services in respect of the Portfolio;
- (b) perform all Services in accordance with the Service Specification and to the standards of a Prudent Residential Mortgage Servicer;
- (c) in accordance with the standards of a Prudent Residential Mortgage Servicer, use reasonable efforts to monitor the performance of any third party engaged under Clause 4.2 (Third Party Providers) insofar as it is able to do so but, subject to Clause 4.2, shall have no responsibility for the performance of any such third party; and
- (d) provide the Issuer, the Legal Title Holder, the Master Servicer and the Security Trustee (if applicable), with all reasonable information which is in the Servicer's possession or control and which any of them may request on reasonable notice for the purpose of supervising the Servicer's provision of the Services.

2.5 The Servicer will, in consultation with the Master Servicer and otherwise on the reasonable direction of the Master Servicer, deal with complaints and potential complaints in accordance with the Service Specification and all Requirement of Laws. The Servicer will investigate any complaints promptly and comprehensively in accordance with the standards of a Prudent Residential Mortgage Servicer and handle such complaints on behalf of the Issuer and, if applicable, the Legal Title Holder, in accordance with the Service Specification and any such procedures and any directions given to it by the Master Servicer from time to time. The Servicer will:

- (a) following a complaint being made, promptly notify the Master Servicer of that complaint including details of the complaint and steps taken (or proposed to be taken) to resolve it; and
- (b) following a request for information from the Master Servicer which is in the Servicer's possession or control in relation to any complaint or other matter contemplated by this Clause 2.5, promptly provide the Master Servicer with all such information identified in that request.

- 2.6 The Servicer shall co-operate fully with the Master Servicer, the Issuer and, if applicable, the Legal Title Holder, in relation to any complaints arising from the provision of the Services or otherwise relating to the Mortgages and Loans. For the avoidance of doubt, the Servicer's obligation under this Clause 2.6 shall continue after termination of this Agreement, provided that following termination the Servicer is to be compensated in full by the Issuer for all fees, costs and expenses that it incurs in providing any such co-operation on a Time and Materials Basis.
- 2.7 Notwithstanding the other provisions of this Agreement, the Servicer will act upon the direction of the Security Trustee in place of the Issuer and/or the Legal Title Holder upon the earlier to occur of (i) service of a Note Acceleration Notice on the Issuer and (ii) enforcement or realisation of the Security, provided that the Security Trustee may only direct the Servicer to act in accordance with the terms of this Agreement.
- 2.8 The appointment of the Servicer pursuant to this Clause 2 is conditional upon the issue of the Notes and Certificates having taken place and shall take effect upon and from the Closing Date automatically without any further action on the part of any person (such issuance to be notified by the Issuer to the Servicer).

3. SERVICES

3.1 Supply of Services

- (a) The Servicer will provide the Services to the Issuer and, if applicable, whilst the Legal Title Holder is legal title holder of the Loans, to the Legal Title Holder, with effect from the Closing Date for the duration of this Agreement subject to and in accordance with the provisions of this Agreement.
- (b) The Servicer undertakes to devote sufficient competent resources to perform the Services at all times during the Core Hours (or at such other times as may be agreed in writing between the Parties) exercising the degree of skill and care to be expected of a Prudent Residential Mortgage Servicer and not further or otherwise.
- (c) The Servicer shall administer the Portfolio in accordance with the Service Specification and Requirement of Laws. The Servicer shall, upon request by the Master Servicer, provide the Master Servicer with such information in its possession or control as the Master Servicer shall reasonably require in order that the Master Servicer may verify that the Servicer is administering the Portfolio in the manner provided for by this Clause 3.1(c). Such information will be provided by the Servicer in such a manner as agreed between the Master Servicer and the Servicer.
- (d) In carrying out its obligations under this Agreement the Servicer shall comply in all material respects with:
- (i) all Requirements of Law (as defined in the Mortgage Sale Agreement); and
 - (ii) Regulatory Directions (as defined in the Mortgage Sale Agreement).
- (e) If and when the Servicer is requested to confirm or state the capacity in which it is servicing the Loans, their Related Security and related matters pursuant to this Agreement by any Borrower or any third party not being a party to this Agreement and to whom the Servicer is obliged by law to disclose such information, the Servicer shall confirm or state that it is acting in its capacity as servicer of the relevant Loans, their Related Security and related matters as agent for and on behalf of the Legal Title Holder (for so long as it holds legal title to the relevant Loans and their Related Security), on the terms of this Agreement and not on

its own behalf, but shall only disclose the involvement of the Issuer as beneficial owner if such disclosure cannot be avoided or it is impractical to not make such disclosure in the circumstances.

3.2 Further Advances, Ports and entering into new Regulated Mortgage Contracts

- (a) The Servicer hereby undertakes with the Issuer and the Security Trustee that if the Servicer receives an application from a Borrower requesting a Further Advance, Port, or Product Switch it shall:
 - (i) not agree to grant any Further Advance;
 - (ii) not agree to grant any Payment Holiday, Port or Product Switch unless required to do so under the relevant Mortgage Conditions or to comply with any Requirement of Law or guidelines (including the requirement to treat customers fairly) (**Required Payment Holidays, Required Ports and Required Product Switches** respectively); and
 - (iii) consider and deal with applications for Required Payment Holidays, Required Ports and Required Product Switches in accordance with the relevant Mortgage Conditions and any Requirement of Law or guidelines (including the requirement to treat customers fairly).
- (b) In relation to Required Ports, any porting fee payable by a Borrower in respect of a Required Port in accordance with the relevant Mortgage Conditions shall be for the account of the Issuer. Any fees, costs and expenses incurred by the Servicer in respect of a Required Port or a Required Product Switch (including, without limitation, any fees relating to any valuations and reports undertaken in connection with the Required Port) will be paid when due by the Issuer or reimbursed to the Servicer (on a Time and Materials Basis) in accordance with the provisions of Clause 12 (VAT, Costs and Expenses). The Servicer shall enter into such arrangements as are required to give effect to a Required Port or a Required Product Switch, including by notifying the Master Servicer of the Required Port or a Required Product Switch and providing all reasonable assistance to the Master Servicer as may be requested by the Master Servicer for the purpose of the Master Servicer complying with its obligations under Clause 12.1(f) of the Master Servicing Agreement. A Required Port will only be effected if following the completion of the Required Port there is no increase in the outstanding Current Principal Balance of the relevant Loan and no increase in the LTV of the relevant Loan (based on the Current Principal Balance of the Loan at the date of the Required Port, the sale price of the old property and the purchase price of the new property), unless the Mortgage Conditions require otherwise.
- (c) Nothing in this Agreement shall require the Servicer to provide any advice to a Borrower in relation to any Loan, including in respect of any Further Advance, Port or Product Switch.
- (d) Notwithstanding anything to the contrary in this Agreement, the Servicer (acting on behalf of the Issuer or the Legal Title Holder) shall not take or omit to take any action, including without limitation offering or making a Further Advance, Port or Product Switch (as applicable) if such action or omission would result in the Issuer or the Security Trustee arranging or advising in respect of, administering or entering into a Regulated Mortgage Contract or agreeing to carry on any of these activities, if the Issuer or the Security Trustee would be required to be authorised under the FSMA to do so.

3.3 Service Level

- (a) In respect of the Services to be provided by the Servicer under this Agreement, the Servicer shall, subject to Clauses 3.1(a) (Supply of Services), 16 (Servicing of Loans) and 28 (Force Majeure) provide those Services as would a Prudent Residential Mortgage Servicer (the **Service Level**).
- (b) In the Servicer's capacity as agent for the Issuer and the Legal Title Holder, the Servicer will, in performing its obligations under this Agreement, observe the principles of Good Industry Practice (including, in relation to any Regulated Mortgage Contracts, any applicable principles set out in MCOB).
- (c) Where the Servicer administers any regulated mortgage contract within the meaning of MCOB, in performing its obligations under this Agreement and in administering the Loans it will observe the requirements of MCOB.

3.4 Changes to Service Specification

- (a) Other than as contemplated by Clause 3.4(b), the Servicer may only make such changes to the Service Specification as are, in the reasonable opinion of the Servicer, required in order to comply with any Requirement of Laws and Good Industry Practice (each such change, a **Required Change**). All Required Changes to the Service Specification shall be managed through the following procedure (the **Change Management Procedure**):
 - (i) Prior to initiating any such Required Change, the Servicer shall give 15 Business Days' written notice (or such shorter notice period as practicable in the circumstances to give effect to the change on or prior to any required or advisable compliance date) to each of the Issuer, the Security Trustee, the Majority Holder and the Master Servicer, which notice shall detail the proposed change, and the reason for such Required Change (including, if applicable, details of any Requirement of Law on which the change is based) (**Change Notice**).
 - (ii) During the notice period referred to in Clause 3.4(a)(i) above and if requested by the Master Servicer (including without limitation at a Servicer Meeting), the Servicer and Master Servicer shall consult with respect to such Required Change with a view to agreeing such Required Change. Upon the expiry of the notice period stipulated in Clause 3.4(a)(i), the Servicer shall adopt and implement any Required Change agreed with the Master Servicer or if no agreement has been reached as it initially proposed in such manner as it reasonably determines to be consistent with industry good practice and the standards applicable to a Prudent Residential Mortgage Servicer.
- (b) In the event that the Master Servicer notifies the Issuer that it has formed a view that the level of servicing being provided by the Servicer is lower than that which would be provided by a Prudent Residential Mortgage Servicer, the Issuer (on the direction of the Majority Holders) may require the Servicer to make such changes to the Service Specification as are, in the reasonable opinion of the Issuer (on the direction of the Majority Holders), required to ensure that the level of servicing being provided by the Servicer is at least equivalent to that which would be provided by a Prudent Residential Mortgage Servicer (**Issuer Mandated Change**).
- (c) The costs and expenses of implementation of any Required Change or Issuer Mandated Change shall be borne by the Issuer and charged on a Time and Materials Basis, provided that where such costs also relate to the activities of the Servicer in relation to loans other

than the Loans, the costs shall be borne by the Issuer in a prorated amount calculated by reference to the number of Loans being serviced pursuant to this Agreement relative to the number of other mortgage loans being serviced by the Servicer (and the Servicer shall provide to the Issuer, the Security Trustee, the Majority Holder and the Master Servicer, upon request, a certificate signed by an Authorised Signatory of the Servicer which certificate shall contain the number of such other mortgage loans which it is servicing at the time that implementation of the Required Change or Issuer Mandated Change, as the case may be, is completed).

(d) The Issuer shall notify the Rating Agencies of any changes to the Service Specification.

4. APPOINTMENT OF SUBCONTRACTORS, THIRD PARTY PROVIDERS, BUSINESS CONTINUITY AND REPORTING ETC.

4.1 Appointment of subcontractors

The Servicer may subcontract or delegate the performance of all or any of its powers and obligations under this Agreement, **provided that** (and subject to Clause 4.2 (Third Party Providers)):

- (a) the Servicer shall use all reasonable skill and care in the selection of any subcontractor or delegate;
- (b) the prior written consent of the Issuer and the Security Trustee (such consent not to be unreasonably withheld or delayed) to the proposed arrangement (including, if the Issuer and/or the Security Trustee at all times acting reasonably considers it necessary, the approval of any document which sets out the terms on which the contract is made) has been obtained and written notification has been given to the Rating Agencies;
- (c) where the arrangements involve the custody or control of any Loan Files and/or Title Deeds relating to the Portfolio for the purpose of performing any delegated Services, the subcontractor or delegate has executed an acknowledgement in form and substance acceptable to the Issuer and the Security Trustee (acting reasonably) to the effect that any such Loan Files and/or Title Deeds are and will be held to the order of the Issuer;
- (d) where the arrangements involve or may involve the receipt by the subcontractor or delegate of monies belonging to the Issuer which, in accordance with this Agreement, are to be paid to the Issuer or a bank account of the Issuer, the subcontractor or delegate has executed a legally binding declaration in form and substance acceptable to the Issuer (acting reasonably) that any such monies held by it or to its order are held on trust for the Issuer and will be paid forthwith into the Collection Account in accordance with the terms of this Agreement and any other applicable Transaction Document;
- (e) any such subcontractor or delegate has executed a written waiver of any Encumbrance arising in connection with such delegated Services (to the extent that such Encumbrance relates to the Portfolio or any amount referred to in Clause 4.1(d));
- (f) it shall be a term of any such arrangements that the subcontractor or delegate has, and shall maintain, all requisite licences, approvals, authorisations and consents including without limitation any necessary notifications under the Data Protection Laws and authorisations and permissions under the FSMA, to enable it to fulfil its obligations under or in connection with any such arrangements and the Servicer will use reasonable endeavours to ensure that any such subcontractor or delegate does so and submits on a timely basis all applications and requests for any further licences, approvals, authorisations and consents required by such

subcontractor or delegate in connection with the fulfilment of its obligations under any such arrangement; and

- (g) such subcontracting or delegation will not cause the Issuer to become subject to any taxation which it would not otherwise have become subject to, either directly or indirectly, and would not cause the imposition of any withholding tax;
- (h) without prejudice to Clause 12.2, the Servicer shall be solely responsible for the payment of any fees and expenses due to any subcontractor or delegate and neither the Issuer nor the Security Trustee shall have any obligation in respect of any fees or Liabilities payable to or suffered or incurred by such subcontractor or delegate or arising from the entering into, the amendment or the termination of any arrangement with any subcontractor or delegate.

4.2 **Third Party Providers**

Clauses 4.1 (Appointment) and 4.4 (Servicer remains liable) shall not apply to the engagement by the Servicer (either directly or in the name of the Issuer or the Legal Title Holder) of:

- (a) any receiver, solicitor, insurance broker, valuer, surveyor, accountant, estate agent, insolvency practitioner, auctioneer, bailiff, sheriff officer, field agent, credit reference agency, tracing agent, property management agent, licensed conveyancer, independent field agents, qualified conveyancer or other professional adviser acting as such;
- (b) any documentation retention service or document storage facility (including in respect of Loan Files and/or any Title Information Documents);
- (c) any reputable printing, IT or business continuity organisation for the outsourcing of printing, IT or business continuity functions (as the case may be); or
- (d) any locksmith, builder or other contractor acting as such in relation to a Property,

(collectively the **Third Party Providers**) in any such case being a person or persons whom a Prudent Residential Mortgage Servicer would be willing to appoint in respect of mortgages owned by it or other mortgages administered and serviced by it, in connection with the performance by the Servicer of any of its obligations or functions or in connection with the exercise of its powers under this Agreement.

The Servicer shall not be responsible or liable to the Issuer, the Legal Title Holder, the Security Trustee or to any other person for any acts, omissions or breach of obligations of a Third Party Provider. The Servicer shall not be responsible for paying Third Party Providers' fees or charges or otherwise have any obligation in respect of any Liabilities payable to or suffered or incurred by any Third Party Providers.

The Servicer (a) shall provide a list to the Master Servicer of its current panel of Third Party Providers so retained by the Servicer at the date of this Agreement (which shall, subject to the removal of any Third Party Providers to whom the Master Servicer reasonably objects together with any Third Party Providers retained from time to time directly by the Issuer or the Legal Title Holder, constitute the **Approved Third Party Panel**), along with its selection criteria for members of the Approved Third Party Panel (the **Selection Criteria**); and (b) shall not implement a material change to its Selection Criteria used in this engagement without first consulting with the Master Servicer.

4.3 **Assignment of rights against subcontractors and Third Party Providers**

Without prejudice to Clause 4.2, the Issuer may, by notice in writing, require the Servicer to assign to the Issuer any rights which the Servicer may have against any subcontractor, delegate or Third Party Providers which are capable of assignment and which arise from the performance of Services under this Agreement.

4.4 **Servicer remains liable for subcontractors**

Notwithstanding any subcontracting or delegation of the performance of its obligations under this Agreement by the Servicer in accordance with Clause 4.1 (Appointment), the Servicer shall not thereby be released or discharged from any liability whatsoever hereunder and shall remain responsible for the performance of all of the obligations of the Servicer under this Agreement, and the performance or non-performance or the manner of performance by any subcontractor or delegate of any of the Services shall not affect the Servicer's obligations under this Agreement and any breach in the performance of the Services by such subcontractor or delegate shall, subject to the Servicer being entitled for a period of 20 Business Days from the Servicer becoming aware of or receiving written notice of any breach by any subcontractor or delegate to remedy such breach, be treated as a breach of this Agreement by the Servicer. For the avoidance of doubt, this Clause 4.4 shall not apply to the engagement, appointment or performance of Third Party Providers in accordance with Clause 4.2 (Third Party Providers).

4.5 **Perfection of the Sale of Loans to the Issuer**

Subject to Clause 6 of the Mortgage Sale Agreement:

- (a) as soon as reasonably practicable, and in any case, on or before the 10th Business Day after the Issuer providing written notice to the Legal Title Holder and the Servicer of the occurrence of a Perfection Event, the Servicer shall execute or procure the execution of the transfers and assignments referred to in Clause 6 of the Mortgage Sale Agreement or shall provide sufficient information to enable the Issuer to do so;
- (b) upon the Legal Title Holder being required to complete the transfer of the Loans and their Related Security by the Issuer or the Security Trustee pursuant to **Clause 6** of the Mortgage Sale Agreement, the Servicer shall do or procure the doing of all or any of the acts, matters or things (including, for the avoidance of doubt, those acts, matters or things referred to in **Clause 6** of the Mortgage Sale Agreement) on behalf of the Legal Title Holder or shall provide sufficient information to enable the Issuer to do so; and
- (c) without prejudice to the terms of the Mortgage Sale Agreement, the Servicer undertakes not to take any actions that would result in the legal transfer or assignment of the Loans and their Related Security to the Issuer except as provided in this Agreement and **Clause 6** of the Mortgage Sale Agreement, save where required for the purpose of the Master Servicer complying with its obligations under Clause 12.1(f) of the Master Servicing Agreement, by Requirement of Law or any provision having equivalent effect.

4.6 **Business Continuity**

- (a) The Servicer will establish, and maintain a Business Continuity Plan (which shall be delivered on or prior to the date of this Agreement) for disaster recovery in order to ensure that following an Incident provision of the Services can be resumed to a material extent without material interruption as soon as possible after the occurrence of any Incident and the Servicer will carry out periodic testing of backup facilities where that is necessary having regard to the Services.

- (b) Following the declaration of an Incident, the Servicer shall:
 - (i) notify the Issuer, the Legal Title Holder, the Master Servicer, the Majority Holder and the Security Trustee without delay;
 - (ii) implement the Business Continuity Plan;
 - (iii) use all reasonable efforts to continue to provide the affected Services to the Issuer and, if applicable, the Legal Title Holder, in accordance with the Business Continuity Plan; and
 - (iv) restore the affected Services to normal as soon as possible and within the relevant period(s) laid out in the Business Continuity Plan.
- (c) To the extent to which the Servicer is able to provide the affected Services during the continuation of the Incident, the Servicer shall use its reasonable endeavours to provide such Services to the service level set out in the Business Continuity Plan, or (if none) the best service level which is reasonably achievable in the circumstances.
- (d) The Servicer may from time to time review and amend its Business Continuity Plan in its absolute discretion and will notify the Issuer, the Legal Title Holder and the Security Trustee, on an annual basis, of any material amendments provided that the level of protection afforded to the Issuer's business shall not be materially less than it was under the original Business Continuity Plan.
- (e) The Issuer undertakes that it shall, upon reasonable notice, provide such support and assistance as may be reasonably necessary to enable the Servicer to review, amend and undertake tests under the Business Continuity Plan.
- (f) Upon request, the Servicer shall provide to the Issuer, the Security Trustee and the Legal Title Holder as soon as reasonably possible, details of tests performed in relation to the Servicer's ability to deliver the Services upon invocation of the Business Continuity Plan. The Servicer will maintain at all times all necessary arrangements for back up facilities to ensure that, in the event of an Incident, the Business Continuity Plan can be invoked in accordance with its terms.

4.7 **Personnel and Premises**

- (a) The Servicer shall employ sufficient staff that a Prudent Residential Mortgage Servicer would consider to be of appropriate skill and ability to deal with the Services and to maintain suitable office premises and equipment to enable it to perform its obligations under this Agreement.
- (b) The Issuer and the Legal Title Holder each acknowledge and agree that by virtue of the nature of the Servicer's business, systems, and processes, the physical segregation of the Servicer's employees, premises and equipment deployed or involved in the conduct of the Issuer's business is impossible.

4.8 **Reporting**

- (a) The Servicer shall prepare and deliver the following reports (together, the **Servicer Reports**):

- (i) on the 7th Business Day of each month (the **Servicer Reporting Date**), the “Servicer Report” in the format set out in Schedule 1 (*Form of Reports*) to the Issuer, the Legal Title Holder, the Master Servicer and the Cash Manager;
 - (ii) on the 5th Business Day of each month, the portfolio report and the trial balance information, each in the format set out in Schedule 1 (*Form of Reports*) to the Issuer, the Legal Title Holder, the Master Servicer and the Cash Manager;
 - (iii) on the 3rd Business Day of each month in which an Interest Payment Date falls, make available to the Master Servicer, the Cash Manager and EuroABS the loan level data in the format set out in Schedule 1 (*Form of Reports*) for purposes of the Bank of England's Discount Window Facility; and
 - (iv) subject to Clause 3.4, any other report in any format that may be required by the FCA in relation to complaints received from Borrowers.
- (b) The provisions of this Clause 4.8 shall override anything to the contrary in the Service Specification.
 - (c) The Servicer shall prepare and provide to EuroABS the loan level data necessary to enable EuroABS to prepare and file, on a quarterly basis, certain loan-by-loan information in relation to the Portfolio in respect of each Collection Period in accordance with (i) Article 7(1)(a) of the UK Securitisation Regulation and the UK Article 7 Technical Standards (the **UK SR Data Tape**); and (ii) Article 7(1)(a) of the EU Securitisation Regulation and the EU Article 7 Technical Standards (the **EU SR Data Tape** and together with the UK SR Data Tape, the **SR Data Tapes**).
 - (d) The Servicer shall provide the relevant loan level data to EuroABS (in the format agreed between EuroABS, the Issuer and the Servicer) no later than 5 Business Days prior to the relevant Interest Payment Date to enable EuroABS to make available the SR Data Tapes to the holders of any Notes, relevant competent authorities and potential investors in the Notes.
 - (e) The Servicer will provide reasonable assistance to the Issuer (and its nominees), the Cash Manager and the Corporate Services Provider by making available any such further information related to the Portfolio that the Issuer (or its nominees), the Cash Manager or the Corporate Services Provider reasonably requests in connection with the information to be disclosed under Article 7(1) of the UK Securitisation Regulation and Article 7(1) of the EU Securitisation Regulation, including but not limited to assisting the Issuer and/or the Corporate Services Provider in the preparation of any SR Significant Event Information, to the extent the Servicer is capable of providing such information without additional cost or material administrative burden, or otherwise at the Issuer's cost.
 - (f) For the avoidance of doubt, no consideration under this Agreement is attributable to the provision by the Servicer of any Servicer Report or any SR Data Tape.

4.9 **Setting of Standard Variable Rates and Discretionary Rates**

- (a) The Servicer acknowledges and agrees that, notwithstanding any other provision of this Agreement, the Servicer is not granted any right, liberty or authority to determine or set the Standard Variable Rates and any other Discretionary Rates or margins chargeable to Borrowers from time to time in relation to the Loans in the Portfolio, and that such right, liberty and authority will be solely vested in, and exercisable by, the Master Servicer in accordance with Clause 3 of the Master Servicing Agreement.

- (b) If the Master Servicer has, pursuant to Clause 3 of the Master Servicing Agreement, determined to effect a change in the Standard Variable Rates and any other Discretionary Rates or margins chargeable in relation to the Loans, it will provide the Servicer with written notice of the same and within 5 Business Days of the Servicer's receipt of any such notice, the Servicer shall take the steps rendered necessary by the relevant Mortgage Conditions and Requirement of Law (including, without limitation, the Guidance Note on Interest Variation Terms issued by the Office of Fair Trading in February 2000, the Statement of Good Practice on fairness of terms in consumer contracts issued by the Financial Services Authority in May 2005 and any successor guideline or applicable additional guidelines) to bring each change in such rate or rates of interest to the attention of the relevant Borrowers, and the Servicer shall, upon receipt of a request from the Issuer and as soon as reasonably practicable thereafter, notify the relevant Borrower of any changes in the Monthly Payments in relation to the relevant Loans in accordance with the Mortgage Conditions. The Issuer shall bear all costs (charged on a Time and Materials Basis) arising in relation to such a notification of a change in such rate or rates of interest or in such margin in relation to the relevant Loans.

5. SERVICING MEETINGS, VARIATION AND COMPLIANCE

5.1 Servicer Meeting

- (a) The Servicer must convene:
- (i) on a quarterly basis and not later than 10 Business Days following each Interest Payment Date; and
 - (ii) if requested to do so by the Master Servicer, in each month during which a meeting is not convened pursuant to paragraph (a)(i),

a meeting between the Servicer, the Majority Holder and the Master Servicer (each such meeting being a **Servicer Meeting**). The timing and location of each such meeting must be agreed between the Master Servicer, the Majority Holder and the Servicer.

- (b) The Servicer agenda for each Servicer Meeting is as follows:
- (i) review of any complaints from Borrowers received since the last Servicer Meeting and the progress of all open complaints;
 - (ii) review of the current Service Specification in order to determine if changes are required to the Service Specification in order to, *inter alia*, comply with Requirement of Law or guidelines (including the requirement to treat customers fairly) and, if required, any variations thereto;
 - (iii) reviewing the Servicer Reports produced by the Servicer in accordance with Clause 4.8 (*Reporting*);
 - (iv) any matters required to be discussed at that Servicer Meeting pursuant to Clause 17 (Verification of Loan Warranties);
 - (v) review the result of any Audit of the Servicer carried out in accordance with Clause 18 (Audit);
 - (vi) any other agenda items that the Master Servicer may wish to raise; and

- (vii) any other agenda items that the Servicer may wish to raise.

5.2 Variation and compliance

- (a) The Servicer will from time to time make such modifications to the System and its processes as may be necessary to comply with legislative or regulatory requirements of a Regulator as soon as reasonably practicable but in any event in time to comply with any statutory or regulatory timings, and may do so without requesting or receiving consent from the Issuer. The development and implementation cost of any such changes shall be borne by the Issuer and charged on a Time and Materials Basis, provided that where such costs also relate to the activities of the Servicer in relation to loans other than the Loans, the costs shall be borne by the Issuer in a prorated amount calculated by reference to the number of Loans being serviced pursuant to this Agreement relative to the number of other mortgage loans being serviced by the Servicer (and the Servicer shall provide to the Issuer, the Security Trustee, the Majority Holder and the Master Servicer, upon request, a certificate signed by an Authorised Signatory of the Servicer which certificate shall contain the number of such other mortgage loans which it is servicing at the time that implementation of the relevant modification is completed).
- (b) In relation to any legislative or regulatory requirement that affects the Legal Title Holder, the Servicer and the Legal Title Holder shall consult as to the most appropriate action to be taken by the Servicer (at the Issuer's cost, charged on a Time and Materials Basis) to ensure that the Legal Title Holder will continue to comply with all legal and regulatory requirements applicable to it.

6. POWERS OF ATTORNEY

Each of the Issuer and the Legal Title Holder will, on the Closing Date, execute the power of attorney in favour of the Servicer set out in Schedule 2 (Form of Power of Attorney).

7. COMMUNICATION AND ACCESS TO INFORMATION

- 7.1 The Servicer will respond to all reasonable information requests (where such request is for information which the Servicer has in its possession or control) from the Issuer, the Legal Title Holder, the Master Servicer the Security Trustee or the Issuer's, the Legal Title Holder's, the Master Servicer's or the Security Trustee's external auditors or other authorised agents (including, without limitation, in relation to any Audit) as soon as reasonably practicable and in any event within 5 Business Days of the request being received by the Servicer and assist with all regulatory requests for information regarding the Issuer, the Legal Title Holder, the Master Servicer or the Loans. Where the compilation of information (including, without limitation, in relation to any Audit) and the responding to such information or regulatory requests requires the Servicer to utilise more than 8 man days' effort (in aggregate) in any period of twelve months, the Issuer will pay the Servicer's reasonable costs in relation to the same (charged on a Time and Materials Basis).
- 7.2 During the subsistence of this Agreement the Servicer will maintain the Records in whatever medium or media may be expedient showing clearly all transactions and proceedings relating to this Agreement and to the Loans. The Servicer shall hold all such records in relation to the Loans on trust for the Issuer.
- 7.3 The Servicer shall promptly inform the Issuer, the Master Servicer, the Majority Holder and the Legal Title Holder upon becoming aware of any risk or development which may have a material adverse impact on the Servicer's ability to meet its obligations under this Agreement, including any relevant material control weakness identified by the Servicer's internal or external auditors, and shall

notify the Issuer, the Master Servicer, the Majority Holder and the Legal Title Holder of any controls put in place by the Servicer to eliminate the effect of those risks or developments.

- 7.4 For the purposes of enabling the Cash Manager to produce the Investor Reports, the Servicer shall, based on information available to it, use reasonable efforts to respond to any questions which the Cash Manager may raise as may be reasonably necessary for the Cash Manager to perform its services and make any determinations required to be made pursuant to the Cash Management Agreement (including for the purposes of preparing the Investor Reports) and provide reasonable assistance to the Cash Manager in making in any determinations pursuant to the Cash Management Agreement provided that such assistance relates to the information provided by the Servicer in relation to the Mortgage Portfolio. The Servicer shall not have any liability or responsibility with respect to the production or content of the Investor Reports or for any services performed, or determinations made, by the Cash Manager.
- 7.5 The Servicer shall, upon request from the Issuer and at the Issuer's cost (charged on a Time and Materials Basis), provide the Majority Holder with any information reasonably requested from time to time in respect to the Portfolio which the Servicer has in its possession which is reasonably available to it but only: (i) to the extent that such information is reasonably requested by the Majority Holder in connection with the exercise or possible exercise of its rights under the Deed Poll (Majority Holder Option); and (ii) subject always to any requirements of any data protection and privacy laws and regulations in effect in the United Kingdom being met to the reasonable satisfaction of the Servicer.
- 7.6 The Servicer will use its reasonable endeavours to notify the Master Servicer of any emerging regulatory or conduct issues that may have a material effect on the Loans or their Related Security within two Business Days of it becoming aware.
- 7.7 The Servicer will not be under an obligation to disclose or provide any information pursuant to this Clause 7 (Communication and Access to Information) if such disclosure or provision of information will cause the Servicer to be in breach of the Data Protection Laws or any other Requirement of Law.

8. SERVICER INSURANCE

The Servicer undertakes to effect and maintain the Servicer Insurances by such means as the Servicer, in its sole discretion (acting reasonably and prudently), may decide to obtain. On the reasonable request of the Issuer, the Servicer shall provide the Issuer with documentary evidence that such cover is provided for the Servicer Insured Risks.

9. INSURANCE POLICIES

- 9.1 The Servicer will administer the arrangements for insurance to which the Issuer or the Legal Title Holder is a party or in which the Issuer or the Legal Title Holder has an interest and which relate to the relevant Loans and their Related Security comprised in the Portfolio.
- 9.2 The Servicer shall use all reasonable efforts not to take or omit to take any actions which would:
- (a) result in the avoidance of any property-in possession policy in relation to any Loan to which the policy relates; or
 - (b) materially reduce the amount payable in respect of any claim made on behalf of the Issuer under any property-in possession policy; or
 - (c) invalidate or terminate any property-in possession policy.

- 9.3 The Servicer shall prepare and submit any claim under the property-in possession policy by the Legal Title Holder on behalf of the Issuer or the Legal Title Holder, as applicable, in accordance with the requirements of the property-in possession policy and otherwise in accordance with the standards of a Prudent Residential Mortgage Servicer and shall use reasonable efforts to comply with the other requirements of the relevant insurer under the property-in possession policy.
- 9.4 The Servicer shall use its reasonable endeavours to credit to the applicable Collection Accounts all proceeds received from any claim made under any insurance policy by close of business two Business Days following the day on which such amounts are received or credited by the Servicer (and identified by the Servicer as such) and which are to be applied either in whole or in part in the repayment of a relevant Loan or to reinstate any Property.
- 9.5 Upon receipt of notice that any Borrower under a Loan whose Loan is secured by a mortgage or standard security of a leasehold Property has failed to make a payment when due of any sums due under the relevant lease (including, without limitation, any arrears of rent or any service charges or in respect of the insurance of the property), the Servicer may debit that Borrower's account with the relevant amount which shall then be paid to the landlord.

10. SEGREGATION OF BUSINESS AND DOCUMENT HANDLING

- 10.1 The Servicer undertakes, in relation to physical document retention (unless, in the case of Title Information Documents, which are in transit to or from the Issuer or its solicitor, the Legal Title Holder or any agent of the Issuer or the Legal Title Holder) to retain all hard copy documents that have been provided to it at any time (including deeds, accounts, records and correspondence) to the extent that they have not been scanned and held in electronic form as computer images, relating to the Issuer's business and customers in storage space separate from the documents and business activities of the Servicer and its associated companies and any of its other Issuers. The accommodation will be safe, secure, fire-retardant and sprinkler resistant and access to those documents will be restricted to only those of its employees or agents who need to know about or are involved in the handling of the Issuer's business. In relation to this Clause 10.1, the Issuer acknowledges that absolute physical segregation of all retained physical documentation is not always possible and cannot be guaranteed.
- 10.2 The Servicer shall manage the archiving of both physical and electronic data and documentation pertaining to the Issuer, the Mortgages in the Portfolio and any third parties dealing with the Mortgages in the Portfolio and such archiving shall include the secure storage of backed-up data held off-site. The Servicer undertakes to comply in all material respects with all Requirement of Laws relating to archiving and data management.
- 10.3 The Servicer warrants that all of its employees or agents who are involved in the provision of the Services are conversant with the Servicer's and their own obligations of confidentiality and are subject, in their contracts of employment or otherwise, to a duty of confidentiality and non-disclosure of any Confidential Information of the Issuer to any third party, including its associated companies, whether or not such third party is another client of the Servicer.
- 10.4 The Servicer acknowledges that during the subsistence of this Agreement it holds the Loan Files, Title Information Documents and Records to the order of and on trust for the Issuer. Other than where Loan Files and Title Information Documents are requested as a result of a Perfection Event, the Issuer agrees not to demand bulk delivery of Loan Files, Title Information Documents and Records without the provision of reasonable notice to the Servicer (with 20 Business Days being considered reasonable notice for these purposes) and the Issuer agrees to pay the reasonable costs incurred by the Servicer (calculated on a Time and Materials Basis) in connection with such delivery.

- 10.5 The Servicer irrevocably waives any right of lien or other Security Interest which it might have in relation to the Loan Files, Title Information Documents and Records which it might have herein or to which it might at any time be entitled and will procure the same from any sub-contractor or delegate.
- 10.6 The Servicer shall, as soon as reasonably practicable on the termination of the appointment pursuant to Clause 25 (*Termination*) of this Agreement, deliver the Loan Files and the Title Information Documents (if any) relating to the Loans and their Related Security, sold by the Legal Title Holder to the Issuer comprised in the Portfolio, to or to the order of the Issuer or to such person as the Issuer may select as a substitute servicer in accordance with the terms of this Agreement, upon the written request by the Issuer or the Security Trustee made at any time on or after notice of, or on or after, termination of the appointment of the Servicer pursuant to Clause 25 (*Termination*) of this Agreement.
- 10.7 The Servicer shall use all reasonable efforts to take and maintain security copies of all computer data directly relating to the Services. In particular, at least once in each working week, a duplicate of a computer tape or disc held by the Servicer to the Issuer's order containing all Borrowers' ledger accounts as at the opening of business on the first Business Day of that week will be backed up at a place away from the ordinary place of business of the Servicer. Such duplicate computer tape or disc shall be stored in such a way as it is reasonable for the Servicer to expect that the information stored thereon and the retrievability of such information will be preserved. Each computer tape or disc so prepared will be retained until the computer tape or disc relating to the succeeding week has been deposited under this Clause 10.7.

11. REDEMPTION OF MORTGAGES

- 11.1 Upon repayment in full of all sums due in relation to Loans secured by a Mortgage and/or other Related Security comprised in the Mortgage Portfolio, the Servicer is hereby authorised (with power to delegate) by the Legal Title Holder and the Issuer to execute a receipt or discharge to the relevant Land Registry Form DS1 (or any replacement of such form) or the equivalent Form of Release or Vacate in Northern Ireland or the equivalent form of discharge in Scotland in respect of the related Mortgage and any other or further instrument or deed of satisfaction regarding such Mortgage and/or the Related Security as it considers to be necessary or advisable, to implement (where appropriate) an Electronic Notification of Discharge to the relevant Land Registry or (as applicable) registration or recording of the relevant discharge at the Registers of Scotland and to release the relevant Title Information Documents and Loan Files to the person or persons entitled thereto.
- 11.2 The Servicer undertakes that, prior to any actual release by it of the relevant Title Information Documents and Loan Files relating to unregistered land it will take reasonable and appropriate steps to satisfy itself that the relevant Title Information Documents and Loan Files are being released to the person or persons entitled thereto.
- 11.3 The Servicer shall procure that if, upon completion of the Enforcement Procedures, an amount in excess of all sums due by the relevant Borrower under the relevant Loan or its Related Security is recovered or received, the balance, after discharge of all sums due by that Borrower under the relevant Loan or its Related Security, is paid to the relevant Borrower or the person or persons next entitled thereto or, if such person cannot be found, is distributed in accordance with the instructions of the Master Servicer or Issuer.

12. VAT, COSTS AND EXPENSES

12.1 VAT

- (a) All sums payable under this Agreement are exclusive of VAT (if applicable). Any such VAT, if chargeable, shall, where the supplier is the person required to account for such VAT to the relevant taxing authority, be paid by the recipient of the supply to the supplier at the same time as the consideration for the supply to which that VAT relates, subject to receipt of a valid VAT invoice.
- (b) If as a consequence of any event under this Agreement a sum or sums becomes or become creditable by a supplier to the recipient, such credit, together with any associated VAT credit, shall be evidenced by the issue by the supplier of a credit note in a form consistent with that applied to invoices.
- (c) The parties agree that, in the event of any dispute between any of the Parties and HM Revenue & Customs concerning the liability of the Services provided under this Agreement, the Parties shall consult with each other in relation to the conduct of any negotiations.

12.2 Recovery of fees, costs and expenses on dates other than the Interest Payment Dates

The Servicer shall be entitled to:

- (a) utilise amounts standing to the credit of the Collection Account; and
- (b) if such amounts standing to the credit of the Collection Account are insufficient, the Servicer shall have the right to require from the Cash Manager (and the Issuer shall ensure that the Cash Manager allows on a timely basis) utilisation of the Revenue Receipts and, if and only to the extent that Revenue Receipts are insufficient, Principal Receipts,

in each case for payment of properly documented out-of-pocket costs, expenses and charges reasonably incurred by it or, for the avoidance of doubt, any sub-contractor, delegate or Third Party Provider in connection with the performance of the Services (including, but not limited to, insurance premia incurred in connection with certain contingency and other insurances) (the **Servicer Expenses**) provided that amounts so drawn shall not be utilised to pay any Servicing Fees or charges payable to the Servicer under this Agreement. The Servicer shall, on each Calculation Date, provide the Cash Manager and the Issuer with information relating to the amounts withdrawn from the Collection Account and amounts of Revenue Receipts and Principal Receipts utilised during the immediately preceding Calculation Period and applied towards payments of such fees, costs, expenses and charges.

Without prejudice to its right to recover Servicer Expenses in accordance with this Clause 12.2, the Servicer shall notify the Master Servicer and the Majority Holder as soon as reasonably practicable (and in any event within two Business Days) if the Servicer Expenses during a month exceeds the Expense Cap.

12.3 Reimbursement on Interest Payment Dates in accordance with applicable Priority of Payments

The Issuer will, on each Interest Payment Date, in accordance with the applicable Priority of Payments reimburse or fund the Servicer, to the extent such amounts have not been paid from funds pursuant to Clause 12.2, all reasonably incurred and properly documented fees, charges, costs and expenses due and payable to the Servicer in accordance with this Agreement (including Servicing Fees and any additional charges which are payable to it on a Time and Materials Basis in accordance with this Agreement) in respect of the period between the preceding Calculation Date and the

Calculation Date immediately preceding each Interest Payment Date, other than any such fees, costs and expenses which this Agreement states are to be borne by the Servicer.

12.4 **Invoices**

The Servicer shall, in relation to any fees, costs, expenses or charges incurred by it (including any such costs, expenses or charges not reimbursed to the Servicer on any previous Interest Payment Date) pursuant to this Clause 12, provide the Issuer and the Cash Manager with (i) copies of the relevant invoices setting out the details of the expenses incurred and (ii) copies of appropriate VAT invoices issued by any persons making the supply to which such costs, expenses and/or charges relate.

12.5 **Recoveries from Borrowers**

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

13. **EXCLUSION OF PARTNERSHIP AND JOINT VENTURE**

13.1 Nothing in this Agreement is to be construed as establishing or implying any partnership or joint venture between the Parties.

13.2 Otherwise than as specifically provided in this Agreement no Party is to incur any expenses on behalf of any other Party, to enter into any engagement or make any representation or warranty on behalf of any other Party, to pledge the credit of or otherwise bind or oblige any other Party or to commit any other Party in any way whatsoever without in each case obtaining such other Party's prior written consent.

14. **REMUNERATION**

14.1 **Servicing Fees**

(a) In consideration for the receipt of the Services by the Issuer, on each Interest Payment Date the Issuer will pay the Servicer the **Servicing Fee** for the relevant Interest Payment Date, being the greater of:

(i) the **Minimum Servicing Fee** for an Interest Payment Date, being the product of (A) £748.49 (subject to Clause 14.1(e)) and (B) the actual number of days comprised in the Collection Period immediately preceding that Interest Payment Date (or, in the case of the first Interest Payment Date after the Closing Date only, the number of days from the Cut-Off Date to the end of the Collection Period in which the Closing Date falls) (exclusive of VAT); and

(ii) the aggregate of the Standard Servicing Fee, the Arrears Servicing Fee and the Redemption Fee for that Interest Payment Date (in each case as defined below).

(b) The **Standard Servicing Fee** for an Interest Payment Date is, the product of (A) 0.137 per cent. per annum (subject to Clause 14.1(e)), (B) the actual number of days in the Collection Period immediately preceding that Interest Payment Date (or, in the case of the first Interest Payment Date after the Closing Date only, the number of days from the Cut-Off Date to the end of the Collection Period in which the Closing Date falls) divided by 365 (or over a 366 day year in a leap year) and (C) the aggregate Current Principal Balance of all Loans in the

Portfolio (determined as at the beginning of the Collection Period immediately preceding that Interest Payment Date) (exclusive of VAT).

- (c) The **Arrears Servicing Fee** for an Interest Payment Date is equal to the product of £38.41 (subject to Clause 14.1(e)) multiplied by the number of Arrears Loans during each Calculation Period in the Collection Period (or, in the case of the first Interest Payment Date after the Closing Date only, during each Calculation Period in the period from the Cut-Off Date to the end of the first Collection Period in which the Closing Date falls) immediately preceding the Interest Payment Date (exclusive of VAT).
- (d) The **Redemption Fee** for an Interest Payment Date is £93.27 (subject to Clause 14.1(e)) for each Loan which is paid out in full and discharged during the Collection Period (or, in the case of the first Interest Payment Date after the Closing Date only, the period from the Cut-Off Date to the end of the first Collection Period in which the Closing Date falls) immediately preceding the Interest Payment Date (exclusive of VAT).
- (e) On each anniversary of the date of this Agreement, each of the Minimum Servicing Fee, the rate at which the Standard Servicing Fee accrues, the Arrears Servicing Fee and the Redemption Fee is subject to an annual increase by way of indexation (but, for the avoidance of doubt, not to any decrease if the relevant RPI is negative). Each of the rate at which the Standard Servicing Fee accrues, the Arrears Servicing Fee and the Redemption Fee shall be indexed by reference to the lesser of:
 - (i) on each of the first to fifth (inclusive) anniversaries of this Agreement, 2% or on the sixth and each subsequent anniversary of this Agreement, 5%; and
 - (ii) the then most recent annual RPI (“All items index”) data as published by the Office for National Statistics.

The Minimum Servicing Fee shall be indexed by reference to the then most recent annual RPI (“All items index”) data as published by the Office for National Statistics. Promptly following any such indexation, the Servicer will provide the Issuer, the Master Servicer, the Majority Holder and the Cash Manager with a written notice setting out the amount of the relevant indexed fees together with supporting documentation evidencing the relevant RPI (“All items index”) data and the calculation used to effect the indexation.

14.2 **Servicer Make-Whole Fee**

If the appointment of the Servicer is terminated before the fifth anniversary of the Closing Date in accordance with Clause 25.2(b) or Clause 25.1(d), the Issuer shall pay the Servicer a termination fee in an amount equal to the Servicing Fee paid to the Servicer for the previous twelve months from the effective date of termination (the **Servicer Make-Whole Fee**). The Servicer Make-Whole Fee shall, for the avoidance of doubt, be payable to the Servicer in addition to all the fees and expenses due and payable to the Servicer hereunder, shall be payable together with all applicable VAT and shall be without prejudice to any other rights or remedies which the Servicer may have in respect of such termination. The Servicer Make-Whole Fee is payable in accordance with the Pre-Acceleration Revenue Priority of Payments or, as the case may be, the Post-Acceleration Priority of Payments.

14.3 **Definitions of defined terms used in this Clause 14**

Arrears Loans means all Loans which had an MIA Measure of less than 1 at the end of the relevant Calculation Period, in respect of which the Servicer has taken all reasonable steps within its control and in accordance with the Service Specification to encourage the relevant Borrowers to make payments during the relevant Calculation Period;

CMS means at any time the monthly mortgage instalment then due under a Loan during the relevant Calculation Period, without regard for any discounted or additional payment arrangements agreed with the Borrower and excluding any fees, costs and charges; and

MIA Measure means, as of the last day of a Calculation Period, the aggregate amount of sums paid under a Loan in that month (excluding fees, costs and charges) divided by the CMS for that month for such Loan.

14.4 **Successor Servicer Fees**

If the appointment of the Servicer is terminated pursuant to Clause 25 (Termination) and a successor servicer is appointed the successor servicer's servicing fee shall be calculated on the terms agreed with such successor servicer.

14.5 **Servicer recourse only to the Issuer for Servicing Fees and Servicer Make-Whole Fee**

The Servicer acknowledges that it shall not have recourse against any party to this Agreement other than the Issuer for the fees described in Clause 14 (Remuneration).

15. **COLLECTIONS AND OPERATION OF COLLECTION ACCOUNTS**

15.1 **Collection Account**

The Issuer covenants that the Collection Accounts will have been opened and will be operational on or prior to the Closing Date.

15.2 **Collection Account Bank downgrade**

If at any time any Collection Account Bank ceases to have any of the Collection Account Bank Ratings or an Insolvency Event occurs in relation to the Collection Account Bank, then the Servicer shall (at the Issuer's cost, to be charged on a Time and Materials Basis) assist the Issuer to (and the Issuer shall):

- (a) open a replacement account in the name of the Issuer with a financial institution (i) having ratings of at least the Collection Account Bank Ratings, (ii) approved in writing by the Issuer and (iii) which is a bank as defined in Section 991 of the Income Tax Act 2007; or
- (b) obtain an unconditional and unlimited guarantee of the obligations of the Collection Account Bank from a financial institution having the Collection Account Bank Ratings; or
- (c) take any other action as the Rating Agencies may agree will not result in a downgrade of the Rated Notes,

in each case within 30 days of such downgrade, and in the event a replacement collection account is opened in accordance with this Clause 15.2, to (i) transfer all Direct Debit Mandates to such replacement account, (ii) procure that all amounts held on trust for the Issuer standing to the credit of the Collection Accounts are transferred to the replacement account at such replacement institution as soon as practicable, (iii) use all reasonable endeavours to procure that such financial institution enters into a deed on terms substantially similar to those set out in the Collection Account Declaration of Trust with respect to the replacement collection account; and (iv) notify the Borrowers that all Monthly Payments made by a Borrower under a payment arrangement other than the Direct Debiting Scheme are made to such replacement account from the date on which the replacement account is opened.

15.3 Accounts

If any relevant accounts of the Issuer are transferred to a new bank account at a branch situated in the United Kingdom, the provisions of this Agreement shall apply *mutatis mutandis* to such bank account and the arrangements for operation of such new bank account shall be the same as in relation to the relevant account which it replaces. Promptly following receipt of written notice from the Issuer of the establishment of any such new bank account and provision of the relevant information in relation to such new bank account, the Servicer shall where relevant notify the Borrowers of the establishment of such new bank account and shall provide reasonable assistance to the Issuer to facilitate the collection of payments from the Borrower (including payments by way of Direct Debit Mandate) into such new account where relevant.

16. SERVICING OF LOANS

16.1 Collections

The Servicer shall:

- (a) use reasonable endeavours (determined by reference to the usual procedures undertaken by a Prudent Residential Mortgage Servicer) to recover all sums due from the Borrowers under or in connection with the Portfolio, including taking all necessary steps to collect (subject to satisfaction by the Issuer and/or the Legal Title Holder (as applicable, at all times acting reasonably) of all requirements under the Direct Debiting Scheme and any related requirements of the Collection Account Bank) sums due from Borrowers (where the Borrower permits a direct debit to be made to his bank account) by direct debit into the applicable Collection Account and complying with all requirements from time to time of the Direct Debiting Scheme;
- (b) procure that all amounts recovered under or in connection with the Portfolio (other than amounts paid directly into the applicable Collection Account by way of direct debit) are promptly, within 3 Business Days of receipt and identification, paid into the applicable Collection Account; and
- (c) instruct the Collection Account Bank to automatically or otherwise, transfer, at the end of each Business Day, all cleared funds received from the Borrowers and credited to the relevant Collection Accounts from such Collection Accounts to the Deposit Account.

16.2 Administration and Enforcement of Mortgages

- (a) The Legal Title Holder and the Issuer hereby direct the Servicer to service the relevant Loans and carry out its specific obligations under this Agreement in accordance with the Service Specification, as amended from time to time in accordance with Clause 3.4 (Changes to Service Specification), any Requirement of Laws and in accordance with the standard of a Prudent Residential Mortgage Servicer.
- (b) Taking into account the requirements of Clause 3.1(c) (Supply of Services), to the extent the Servicer would otherwise be required to consult with the Master Servicer in relation to any default by a relevant Borrower under or in connection with a relevant Loan or its Related Security, the Servicer shall consult with the Master Servicer (who shall act in the best interests of the Issuer during such consultation) prior to taking any action in relation to such Loan. Any action taken by the Servicer after such consultation with the Master Servicer may comply with either the Enforcement Procedures or, to the extent that the Enforcement Procedures are not applicable having regard to the nature of the default in question, with the

usual procedures undertaken by a Prudent Residential Mortgage Servicer in connection with defaults of a similar nature provided that:

- (i) the Servicer shall only become obliged to comply with the Enforcement Procedures (to the extent applicable) or to take action as aforesaid after it has become aware of the default; and
- (ii) it is acknowledged by the Issuer that mortgage lenders and servicers generally exercise discretion in pursuing their respective enforcement procedures and that the Servicer may exercise such discretion as would a Prudent Residential Mortgage Servicer in applying the Enforcement Procedures to any particular defaulting Borrower or taking action as aforesaid, provided that in exercising such discretion the interests of the Issuer in the Portfolio are not materially prejudiced.

This Clause 16.2(b) shall apply in respect of Loans serviced by the Servicer under this Agreement notwithstanding anything to the contrary in the Service Specification.

16.3 Trust of moneys not paid into Collection Account

- (a) If the Servicer, in carrying out its functions as Servicer under this Agreement, receives any money whatsoever arising from the Loans and their Related Security, which money belongs to the Issuer and is to be paid directly or indirectly to the Deposit Account pursuant to this Agreement the Servicer shall hold such moneys on trust for the Issuer until payment of such amount into the Deposit Account and shall pay such moneys into the Deposit Account of the Issuer as soon as reasonably practicable on receipt or, if later, identification of the payment by the Servicer and in any event within one Business Day of receipt or, if later, identification of the payment by the Servicer.
- (b) The perpetuity period of the trust created pursuant to Clause 16.3(a) is 125 years.
- (c) Notwithstanding the other provisions of this Agreement:
 - (i) following transfer of legal title to the Issuer or its nominee in accordance with the terms of the Mortgage Sale Agreement; or
 - (ii) following downgrade of the Collection Account Bank and until (but not including) the date on which a replacement collection account is opened in accordance with Clause 15.2,

the Servicer shall as soon as reasonably practicable direct all payments received in respect of the Loans directly to the Deposit Account of the Issuer or its nominee and not, for the avoidance of doubt, the Collection Account and shall direct and inform the Borrowers to make payments directly to the Deposit Account, provided that any amounts held or received by the Servicer following the transfer of legal title to the Issuer, shall continue to be held on trust for the Issuer pursuant to Clause 16.3(a) until transferred to the Deposit Account of the Issuer.

17. VERIFICATION OF LOAN WARRANTIES

17.1 General Warranty Assistance to the Issuer

In order to assist the Issuer in relation to any claims that the Issuer may have against the Legal Title Holder in relation to any breach of Loan Warranties under the Mortgage Sale Agreement, the Servicer shall (but without requiring any prior knowledge or training for the Servicer's personnel in

respect of the terms of the Loan Warranties or incurring any contractual liabilities or obligations related to or arising out of such assistance or any failure to identify any breach or potential breach of any Loan Warranties) conduct the Services with a view to enabling the Issuer to identify breaches of any Loan Warranty by the Legal Title Holder.

17.2 **Specific Warranty Assistance to the Issuer**

Ongoing Servicing Review

- (a) From the Closing Date until the 18 month anniversary of the Closing Date, the Servicer shall during the regular Servicer Meetings review the previous quarters performance of the Portfolio, and shall alert the Issuer and Legal Title Holder to any issues identified in such review that in the Servicer's reasonable opinion may constitute a breach of any of the Loan Warranties (it being acknowledged that the Servicer will not have detailed knowledge of the terms of the Loan Warranties).

17.3 **Identification of breach of Loan Warranties**

- (a) In the event that the Servicer identifies any fact or circumstance which it suspects may constitute a breach or potential breach of an Loan Warranty by the Legal Title Holder under the Mortgage Sale Agreement (it being acknowledged that the Servicer will not have detailed knowledge of the terms of the Loan Warranties), it shall promptly notify the Issuer and the Legal Title Holder in writing of such breach or potential breach, provided that the Servicer shall not incur any liabilities or obligations to the Issuer and the Legal Title Holder or any other person for notifying them of a breach or potential breach (which is not a breach) and/or any views provided in connection with the same, nor shall the Servicer incur any liabilities or obligations for failing to identify any fact or circumstance which may constitute a breach or potential breach. Any such identified breaches or potential breaches are to be discussed by the Servicer, the Majority Holder and the Master Servicer at the next Servicer Meeting.
- (b) For the avoidance of doubt but without prejudice to clause 17.1, the Servicer will not be required to review or monitor the Loans in the Portfolio for compliance with the Loan Warranties.

17.4 **No obligation on the Servicer**

Notwithstanding any provision of this Agreement, the Servicer shall be under no obligation to conduct a review of the Loans, their Related Security or the Mortgage Documents beyond such review as it would otherwise be required to conduct in connection with providing the Services in the ordinary course of its business and any review expressly provided for in Clause 17.2, except as the Servicer may expressly agree in writing as an additional service and charged on a Time and Materials Basis, to any review of an agreed sampling of Loans as to specified items, on agreed compensation and other terms (a **File Sampling Review**). The Servicer shall have no liability to the Issuer or the Legal Title Holder or otherwise for Liabilities sustained or incurred by the Issuer or the Legal Title Holder in the event of a failure by the Servicer to identify or discover any breach or potential breach of any Loan Warranty by the Legal Title Holder; provided that nothing in this Clause 17.4 shall preclude liability of the Servicer for breach of its obligation expressly provided for in Clause 17.2 or to perform an agreed File Sampling Review or to accurately report the results of the File Sampling Review (and, where the Servicer suspects there has been any breach or potential breach of any Loan Warranty by the Legal Title Holder which is identified in such File Sampling Review, it shall notify this to the Issuer and the Legal Title Holder).

17.5 **Provision of information**

The Issuer and the Legal Title Holder shall provide the Servicer with a copy of the Mortgage Sale Agreement and the Loan Warranties under it, as well as a copy of any amendment thereto.

17.6 **No delegation of obligations under Clause 17**

The obligation of the Servicer under this Clause 17 may not be delegated by the Servicer to any sub-contractor or delegate.

18. **AUDIT**

18.1 **Access to Records**

Each of the Issuer, the Security Trustee, the Master Servicer and the Legal Title Holder and, in each case, its auditors, regulators or other authorised agents, may upon not less than 5 Business Days written notice to the Servicer conduct a review up to a maximum of two times in any 12 month period (or, at any time upon giving not less than 2 Business Days written notice if the Issuer or the Security Trustee reasonably believes that a Servicer Termination Event or an Additional Audit Event has occurred) of the Servicer's premises and/ or Records and/or data relating to the Services for the purposes of:

- (a) verifying reported receipts and expenses related to the Portfolio;
- (b) ascertaining whether the Servicer is complying with its obligations under this Agreement;
- (c) ascertaining whether the Issuer or, as applicable, the Legal Title Holder, in receiving the Services, is complying with its own statutory and regulatory obligations; and/or
- (d) ascertaining the compliance by the Issuer or, as applicable, the Legal Title Holder, with any supervisory requirement or regulatory requirement of the FCA or any other relevant Regulator,

(an **Audit**).

18.2 **Request for an Audit**

- (a) In requesting an Audit, the Issuer, the Security Trustee, the Master Servicer or the Legal Title Holder (as applicable) (the **Requesting Party**) shall give the Servicer reasonable notice in writing which notice shall set out the scope of the proposed Audit and, where practicable, shall set out the names of the Requesting Party's employees and other representatives, including its auditors (collectively, the **Requesting Party Representatives**), who require access rights to the sites from which the Servicer provides, manages and administers the Services (the **Servicer Sites**). No Requesting Party Representative shall be in the business of providing third party services in respect of residential mortgage loans. The Requesting Party shall also ensure that the Requesting Party Representatives are bound by duties of confidentiality on reasonable terms.
- (b) The Requesting Party, its auditors, Regulators or other authorised agents may at any time and in addition to the Audit referred to in Clause 18.1 also conduct an Audit in connection with acts of fraud or financial crime by the Servicer or on a material breach by the Servicer of its obligations under this Agreement. For the avoidance of doubt, the conditions in relation to the number of permissible Audits set out in Clause 18.1 shall not apply in relation to Audits requested and carried out pursuant to this Clause 18.2(b).

- (c) The Servicer also acknowledges that any Regulator of the Servicer and each of its authorised agents may have a right at any time and upon such notice as such Regulator deems appropriate to access the Servicer's premises, its systems (related only to the Portfolio on a read only basis) and records and any other information as the Regulator may require for any purpose in connection with its functions and duties. The Servicer shall deal with each Regulator in an open and co-operative way in its performance of the Services. For the avoidance of doubt, the restrictions on the frequency of the Audits set out in Clause 18.1 shall not apply in relation to Audits requested and carried out pursuant to this Clause.
- (d) Following a request by the Master Servicer, the Servicer shall (at the cost of the Master Servicer, charged on a Time and Materials Basis) use reasonable endeavours to redact any confidential information from the data and documents to be provided as part of an Audit and in any event the Servicer shall where practicable enter into a confidentiality undertaking with any Requesting Party, provided the same is on reasonable market standard terms. This Clause shall not apply to any Audit carried out by a Regulator.

18.3 Grant of Audit Information

- (a) The Servicer shall grant to the Requesting Party Representatives and any Regulator:
 - (i) reasonable access to: (1) the Servicer Sites, any books, Records and information relevant to the Services (subject to any requirement of Requirement of Law and obligations of confidentiality owed to any third parties and provided that the Servicer shall have no obligation to grant the Requesting Party Representatives or any Regulator access to any information in connection with its profit margins or the services it provides to any other customer of the Servicer)); and (2) any receipts in respect of any expenses incurred by the Servicer in respect of the Services; and
 - (ii) access to facilities at the Servicer Sites at reasonable times during its normal business hours
 - (iii) written responses to any reasonable questionnaire submitted by Requesting Party or a Requesting Party Representative;
 - (iv) the right to make a reasonable number of copies of any records (at the relevant Requesting Party's cost, charged on a Time and Materials Basis); and
 - (v) such other reasonable cooperation and assistance as a Requesting Party or a Requesting Party Representative may require in order to carry out the Audit,for the purpose set out in Clauses 18.1 and 18.2.
- (b) In connection with an Audit:
 - (i) the relevant Requesting Party shall not, and shall ensure that the Requesting Party Representatives shall not, cause any damage or injury to the Servicer's personnel, the Servicer Sites and the systems located there, and the Servicer's books and records, and shall comply with, and ensure that the Requesting Party Representatives comply with all existing health and safety and other policies and procedures applicable to staff conduct at the Servicer Sites and notified to them in advance; and
 - (ii) the relevant Requesting Party shall use reasonable efforts to ensure that the Requesting Party Representatives shall not cause disruption to the Services or the businesses and operations of the Servicer generally.

- (c) The Servicer will not be under any obligation to disclose or provide any information to a Requesting Party or the Requesting Party Representatives on their behalf if such disclosure or provision of information will cause the Servicer to be in breach of the Data Protection Laws or any other Requirement of Law.

19. OBLIGATIONS COMMON TO THE SERVICER AND THE ISSUER

19.1 Confidentiality

During the continuance of this Agreement or after its termination, each of the Servicer, the Legal Title Holder, the Issuer and the Security Trustee shall 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 other party hereto of which it may exclusively by virtue of being party to the Transaction Documents have become possessed and shall use all reasonable endeavours to prevent any such disclosure as aforesaid, provided however that the provisions of this Clause 19 shall not apply:

- (a) to any information already known to the recipient otherwise than as a result of entering into any of the Transaction Documents;
- (b) to any information subsequently received by the recipient which it would otherwise be free to disclose;
- (c) to any information which is or becomes public knowledge otherwise than as a result of the conduct of the recipient;
- (d) to any extent that the recipient is required to disclose the same by an applicable Land Registry or, as applicable, Registers of Scotland or pursuant to any law or order of any court of competent jurisdiction or pursuant to any direction, request or requirement (whether or not having the force of law) of any central bank or any governmental or other authority (including, without limitation, any official bank examiners or regulators);
- (e) to the extent that the recipient needs to disclose the same for determining the existence of, or declaring, an Event of Default or a Servicer Termination Event, the protection or enforcement of any of its rights under any of the Transaction Documents or in connection herewith or therewith or for the purpose of discharging, in such manner as it thinks fit, its duties under or in connection with such agreements in each case to such persons as are required to be informed of such information for such purposes; or
- (f) in relation to any information disclosed to the professional advisers of the recipient or to any Rating Agency, stock exchange, listing agent, any central bank which may accept the Notes as collateral under a repo transaction, any transaction party or any prospective replacement of such transaction party.

20. DATA PROTECTION

20.1 Where used in this Clause 20 and Schedule 4:

Controller Party means, to the extent it processes any Relevant Personal Data, each of the Master Servicer, Legal Title Holder and the Issuer;

Data Subject Request means a request by, or on behalf of, a Data Subject to exercise a Data Subject right under the Data Protection Laws, including a data subject access request;

Personal Data Breach has, when used in respect of the performance of an activity or obligation, the meaning given to that term in the relevant Data Protection Laws applicable to the performance of that activity or obligation;

Relevant Personal Data means any Personal Data processed in the performance of the Services; and

Tech Mahindra Limited means Tech Mahindra Limited (registered number L64200MH1986PLC041370) a private limited company incorporated under the laws of India whose registered office is at Gateway Building, Apollo Bunder, Mumbai-400 001, India.

20.2 General terms

- (a) To the extent that the Servicer processes the Relevant Personal Data, each party acknowledges that, for the purpose of Data Protection Laws, each Controller Party is a controller of the Relevant Personal Data and the Servicer is a processor.
- (b) The Servicer shall process the Relevant Personal Data in accordance with this Agreement (as amended by the parties from time to time).
- (c) Schedule 4 shall set out in summary form the subject-matter and duration of the processing, the nature and purpose of the processing, the type of personal data, the categories of data subjects and the obligations and rights of the Controller Parties. Schedule 4 shall be kept updated by the Controller Parties and the Servicer but shall not be binding on any party.
- (d) The Servicer shall:
 - (i) only process the Relevant Personal Data in accordance with the documented instructions of a Controller Party (including to the extent necessary to provide the Services and to comply with its obligations under this Agreement), unless the Servicer is otherwise required to process Relevant Personal Data under applicable laws to which the Servicer is subject. In such a case, the Servicer shall promptly notify each Controller Party in writing of those applicable legal requirements; the parties agree that the Agreement represents the written instructions of the Controller Parties.
 - (ii) promptly notify each Controller Party in writing if, in the Servicer's opinion, any of instructions it receives from a Controller Party would breach Data Protection Laws; and
 - (iii) on a Time and Materials Basis assist the Controller Party on request with undertaking an assessment of the impact of processing the Relevant Personal Data, and with any consultations with a supervisory authority, if and to the extent an assessment or consultation is required to be carried out under Data Protection Laws.

20.3 Data Subject Rights

- (a) The parties agree and acknowledge that, as between each Controller Party and the Servicer, the Servicer shall respond to any Data Subject Request. The Servicer shall be entitled to charge the relevant Controller Party on a Time and Materials Basis for complying with this Clause 20.3(a).
- (b) Upon receipt of a Data Subject Request:

- (i) a Controller Party shall forward the request to the Servicer promptly and shall, upon the Servicer's reasonable written request, provide the Servicer with all co-operation and assistance reasonably requested by the Servicer in relation to that request to enable the Servicer to respond to that request in compliance with applicable deadlines and information requirements; and
- (ii) the Servicer shall notify the request to each Controller Party without undue delay.

20.4 Security measures

The Servicer shall:

- (a) taking into account the state of the art, the costs of implementation and the nature, scope, context and purpose of processing, as well as the risk of varying likelihood and severity for the rights and freedoms of natural persons, implement and maintain appropriate technical and organisational measures to ensure a level of security appropriate to the risk, including the risk of unauthorised or unlawful processing of the Relevant Personal Data, and of accidental or unlawful loss, alteration, unauthorised disclosure or destruction of, or damage to, the Relevant Personal Data, which shall include (as appropriate):
 - (i) the pseudonymisation and encryption of the Relevant Personal Data;
 - (ii) the ability to ensure on-going confidentiality, integrity, availability and resilience of processing systems and services;
 - (iii) the ability to restore the availability and access to Relevant Personal Data in a timely manner in the event of physical or technical incident; and
 - (iv) a process for regularly testing, assessing, and evaluating the effectiveness of technical and organisational measures for ensuring security of processing.

20.5 Personal Data Breach

The Servicer shall:

- (a) notify each Controller Party without undue delay after becoming aware of a Personal Data Breach, and upon that Controller Party's reasonable written request, provide that Controller Party with all co-operation and assistance reasonably requested by it to enable the Issuer to notify the Personal Data Breach to the relevant supervisory authority and relevant Data Subject(s) (as applicable).
- (b) The Servicer shall bear its own costs of complying with Clause 20.5(a) subject to the limitations and exclusions set out in the Agreement.

20.6 Sharing of personal data

The Servicer shall:

- (a) unless expressly permitted to do so pursuant to any other provision of this Agreement, not engage any other sub-processor as a subcontractor in relation to the Services without prior written consent of the relevant Controller Party. To the extent any other provision of this Agreement does permit the Servicer to engage a Third Party Provider or another processor as a subcontractor in relation to the Services (and the parties agree that Clause 4.2 of the Agreement is such a general written authorisation), or a Controller Party gives a general

written authorisation for the Servicer to engage another processor as a subcontractor in relation to the Services, the Servicer shall give each Controller Party prior written notice of any intended changes concerning the addition or replacement of other processors, and shall not make any such changes if that Controller Party objects to the relevant changes in writing within 14 days after receiving written notice of those changes from the Servicer;

- (b) without prejudice to Clause 20.6(a), before disclosing Relevant Personal Data to any processor, enter into a contract with that processor under which the processor agrees to comply with obligations equivalent to those set out in this Clause 20;
- (c) before disclosing Relevant Personal Data to any of its employees and representatives, and the employees and representatives of each of its processors, in each case who have access to the Relevant Personal Data, ensure that those persons:
 - (i) have undergone appropriate training in data protection and the care and handling of the Relevant Personal Data; and
 - (ii) are bound to hold the information in confidence to at least the same standard as required under this Agreement (whether under a written agreement or otherwise).
- (d) The parties agree that any Third Party Providers which are already at the date of this Agreement engaged by the Servicer, and any sub-processors which are already at the date of this Agreement engaged by the Servicer as subcontractors in relation to the Services (for the avoidance of doubt, including Tech Mahindra Limited), shall be deemed to have the consent of the parties for the purposes of this clause 20.6.

20.7 Transfers of personal data

The Servicer shall:

- (a) not transfer Relevant Personal Data to, or process Relevant Personal Data in, any third country or territory without the prior written consent of each relevant Controller Party (which consent may be conditional upon the Servicer or the relevant third parties entering into an agreement containing similar terms to the provisions of this clause 20 with the Controller Parties) unless (and for so long as):
 - (i) in respect of a transfer from the EEA, there has been a European Commission finding of adequacy pursuant to Article 45 of the EU GDPR in respect of that country or territory;
 - (ii) in respect of a transfer from the UK, there has been a finding of adequacy pursuant to Section 17(a) of the UK Data Protection Act 2018 in respect of that country or territory; or
 - (iii) the Servicer and the relevant importing entity are party to and at all times in compliance with, a contract in relation to the export of Personal Data incorporating standard contractual clauses in the form adopted by the European Commission under the EU GDPR Data Protection Laws from time to time (in respect of a transfer from the EEA) or pursuant to Applicable Laws in the United Kingdom (in respect of a transfer from the UK), in each case from time to time (the "Standard Clauses") in accordance with Data Protection Laws and has implemented from time to time and maintains at all times to each relevant Controller Party's reasonable satisfaction additional safeguards to ensure that the Relevant Personal Data is adequately protected in accordance with the requirements of Data Protection Laws. In the event

of any conflict or inconsistency between the terms of this Agreement and the Standard Clauses, the Standard Clauses shall prevail.

- (b) If any mechanism used for the cross-border transfer of Relevant Personal Data is found by a supervisory authority, court of competent jurisdiction or other governmental authority to be an invalid means of complying with the restrictions on transferring Relevant Personal Data to a third country or territory as set out in Data Protection Laws, or is superseded by a new form of that mechanism (for example, new Standard Clauses), the parties shall act in good faith to agree the implementation of an alternative solution (which may include adoption of the new form of that mechanism) to enable the Controller Parties to comply with the provisions of Data Protection Laws in respect of any such transfer and, without prejudice to the Servicer's obligation to continue to provide the Services, the Servicer shall cease processing Relevant Personal Data in the affected country or territory if that processing would be unlawful until that solution has been implemented.
- (c) The Parties acknowledge and agree that the Master Servicer (in its capacity as the relevant Controller Party) has, prior to the date of this Agreement, provided the Servicer with written consent in respect of the transfer and processing of Relevant Personal Data by Tech Mahindra Limited in relation to the Historic Servicing Agreement. Accordingly, the Master Servicer hereby agrees that such consent is valid for the transfer and processing of Relevant Personal Data by Tech Mahindra Limited, subject at all times to the requirements of clauses 20.7(a)(iii) and 20.7(b). The Master Servicer further acknowledges and agrees that the Servicer is party to a contract with Tech Mahindra Limited which incorporates the Standard Clauses in relation to the processing of Personal Data by Tech Mahindra Limited and as such, but subject at all times to the requirements of clauses 20.7(a)(iii) and 20.7(b), shall permit the ongoing processing of Relevant Personal Data by Tech Mahindra Limited under this Clause 20.7.

20.8 Compliance

- (a) Each party shall promptly notify the other parties if it receives any complaint, notice or communication which relates directly or indirectly to the processing of Relevant Personal Data, or to any party's compliance with Data Protection Laws. The parties agree that, as between each Controller Party and the Servicer, the Servicer shall take all actions to address any such complaint, notice or communication to the extent within the Servicer's control.
- (b) Each Controller Party shall fully co-operate and assist the Servicer in relation to any such complaint, notice or communication.
- (c) The Servicer shall bear its own costs of complying with Clause 20.8(a) and each Controller Party's costs of complying with Clause 20.8(b), subject to the limitations and exclusions set out in this Agreement where such complaint, notice or communication results from a breach of the Servicer's obligations under the Agreement.
- (d) Where the complaint, notice or communication does not result from a breach of the Servicer's obligations under this Agreement, the Controller Parties shall bear the costs of complying with Clauses 20.8(a) and 20.8(b).

20.9 Termination/expiry

- (a) Subject to Clause 25.5, upon termination or expiry of this Agreement, the Servicer shall, and shall procure that each processor shall, immediately cease to use the Relevant Personal Data and shall, at each Controller Party's option, return the Personal Data to that Controller Party or delete the Personal Data and all copies and extracts of the Personal Data unless required

to retain a copy in accordance with any applicable law (including the law of the United Kingdom, the European Union or any member state of the European Union).

20.10 Assistance Obligations

- (a) Where the Servicer has, under the Data Protection Laws, an obligation as processor to assist a Controller Party as controller, such assistance shall be chargeable on Time and Materials Basis.

Financial Crime

20.11 The Servicer shall inform the Legal Title Holder's Money Laundering Reporting Officer (as notified to the Servicer from time to time) and the Issuer of any suspicions of money laundering in accordance with the Service Specification.

21. COVENANTS AND REPRESENTATIONS OF THE SERVICER

The Servicer hereby covenants with and undertakes to each of the Issuer, the Legal Title Holder and the Security Trustee, that without prejudice to any of its specific obligations hereunder it will:

- (a) devote such time and attention to and will provide the Services in such manner and with the same level of skill, care and diligence as would a Prudent Residential Mortgage Servicer;
- (b) comply with any proper directions, orders and instructions which the Issuer or the Security Trustee may from time to time give to it in accordance with the provisions of this Agreement;
- (c) maintain and keep in force all approvals, authorisations, permissions, consents and licences required in order properly to service the Loans and their Related Security and to perform or comply with its obligations under this Agreement, and to prepare and submit all necessary applications and requests for any further approvals, authorisations, permissions, registrations, consents and licences required in connection with the performance of the Services under this Agreement and in particular any necessary notification under the Data Protection Laws, licence under the CCA and any authorisation and permissions under the FSMA;
- (d) not knowingly fail to comply with any legal or regulatory requirements in the performance of the Services;
- (e) make all payments required to be made by it pursuant to this Agreement on the due date for payment thereof in Sterling (or as otherwise required under the Transaction Documents) in immediately available funds for value on such day without set-off (including, without limitation, in respect of any fees owed to it) or counterclaim but subject to any deductions required by law;
- (f) not knowingly do or omit to do any act or thing which might materially prejudice the respective interests of the Issuer, the Legal Title Holder or the Security Trustee in the Portfolio;
- (g) as soon as reasonably practicable upon becoming aware of any fact or circumstance which could reasonably be expected to have a material adverse effect on any Loan or Loans through performing the Services under this Agreement, notify the Issuer and Master Servicer in writing of such event;

- (h) promptly notify the Issuer (with a copy to the Master Servicer) upon becoming aware of any legal proceedings being taken against it or of any judgment or decree being given against it in any proceedings, which would, in each case materially and adversely affect its ability to perform its obligations under this Agreement or which could reasonably be expected to materially and adversely affect either the Issuer or the Legal Title Holder;
- (i) as soon as reasonably practicable upon becoming aware of any breach of its material obligations under this Agreement, notify the Issuer and the Security Trustee of such breach;
- (j) deliver to the Issuer and the Security Trustee as soon as reasonably practicable but in any event within five Business Days of becoming aware thereof a notice of any Servicer Termination Event or any event which with the giving of notice or lapse of time or certification would constitute the same. Such notification shall specify which event in Clause 25.1 has occurred and was the cause of such Servicer Termination Event (or any event which with the giving of notice or lapse of time or certification would constitute a Servicer Termination Event), a description of such Servicer Termination Event, and, if relevant, a reference to the provision in this Agreement or the other Transaction Documents which the Servicer has breached;
- (k) not be treated as being resident outside the United Kingdom by virtue of the application of section 18 of the Corporate Tax Act 2009 or have a permanent business or fixed establishment outside the United Kingdom;
- (l) in the event a determination is made by any court or other competent authority or any ombudsman or regulator that:
 - (i) any term which relates to the recovery of interest under the Standard Documentation applicable to a Loan and its Related Security is unfair; or
 - (ii) there has been any breach of or non-observance or non-compliance with any obligation, undertaking, covenant or condition on the part of the Legal Title Holder or Servicer which affects any Loan or its Related Security,

the Servicer will, upon becoming aware of such determination, inform the Security Trustee, the Legal Title Holder and the Majority Holder that such a determination has been made under (i) or (ii) above,

PROVIDED THAT the Servicer will not commit any act or omission in relation to any Loan or its Related Security or the relevant Borrower that would require the Issuer or the Security Trustee to hold any authorisation or permission under the FSMA.

21.2 The Servicer will pay, on behalf of and for the account of the Issuer, all out-of-pocket costs, expenses and charges (together with any VAT due thereon) of the Issuer incurred in the performance of the Servicer's obligations under this Clause 21 including, without limitation:

- (a) all necessary filing and other fees in compliance with regulatory requirements (other than applying for any necessary licences);
- (b) all legal fees and other professional advisory fees; and
- (c) all communication expenses, including postage, telephone and courier charges.

- 21.3 Save as expressly set out in this Agreement, the Parties agree that all duties, warranties, conditions and other terms whether express or implied by statute or common law are, to the fullest extent permitted by law, excluded from this Agreement.
- 21.4 The Servicer will, so far as it reasonably can do so, perform the Services in such a way as not to prejudice any application for, or the continuation of, any approval of the Issuer.
- 21.5 The covenants of the Servicer in this Clause 21 shall remain in force until this Agreement or the appointment of the Servicer pursuant to this Agreement is terminated but without prejudice to any right or remedy of the Issuer, the Security Trustee, the Master Servicer and/or the Legal Title Holder arising from breach of any such covenant prior to the date of such termination of this Agreement.
- 21.6 The Servicer represents and warrants to the Issuer, the Master Servicer, the Legal Title Holder and the Security Trustee that:
- (a) it is duly incorporated in England and Wales and is resident for Tax purposes in England and it has power under its Memorandum and Articles of Association and all necessary corporate authority has been obtained and action taken to carry on its business as it is now being conducted and to sign and deliver and perform the transactions contemplated in this Agreement;
 - (b) in the performance of this Agreement it will comply in all material respects with all Requirement of Laws and has obtained and will maintain all licences, consents and authorisations necessary for or incidental to the subject matter of and to the performance of its obligations under this Agreement;
 - (c) no Insolvency Event has occurred in respect of the Servicer and no Insolvency Event will occur in consequence of the Servicer entering into the Transaction Documents to which it is expected to be a party;
 - (d) it is not aware of any circumstances which indicates that any consents, approvals, authorisations, registrations, declarations and filings required by Requirement of Law of the Servicer is likely to be terminated or revoked or not renewed;
 - (e) neither the Servicer nor any of its directors or officers or, to its knowledge (having made reasonable enquiries), any of the Servicer's Affiliates, employees, agents or representatives:
 - (i) is a Restricted Party;
 - (ii) has been engaged in any transaction, activity or conduct that could reasonably be expected to result in its being designated as a Restricted Party; and/or
 - (iii) has received notice of, or is otherwise aware of, any claim, action, suit, proceedings or investigation involving it with respect to Sanctions.

Restricted Party means an individual, entity or vessel that is:

- (iv) listed on, or owned or controlled by a person listed on, or acting on behalf of a person listed on, any Sanctions list;
- (v) located in, incorporated under the laws of, or owned or (directly or indirectly) controlled by, or acting on behalf of, a person located in or organised under the laws of a country or territory that is the target of country-wide or territory wide Sanctions; or

- (vi) otherwise a target of Sanctions (target of Sanctions signifying a person with whom a US person or other national of a Sanctions Authority would be prohibited by law from engaging in trade, business or other activities).

Sanctions means the economic sanctions laws, regulations, embargoes or restrictive measures administered, enacted or enforced by a Sanctions Authority.

Sanctions Authority means:

- (vii) the United States government;
 - (viii) the United Nations;
 - (ix) the United Nations Security Council;
 - (x) the European Union;
 - (xi) the member states of the European Union;
 - (xii) the United Kingdom; or
 - (xiii) the respective governmental institutions and agencies of any of the foregoing, including, without limitation, the Office of Foreign Assets Control of the US Department of Treasury (**OFAC**), the United States Department of State, and Her Majesty's Treasury (**HMT**).
- (f) the operations of the Servicer and its subsidiaries are and have been conducted at all times in compliance with Anti-Money Laundering Laws;
 - (g) no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Servicer or any of its subsidiaries with respect to Anti-Money Laundering Laws are pending and the Servicer is not aware that any such actions, suits or proceedings are threatened or contemplated; and
 - (h) so far as it is aware, the information provided or verified by the Servicer in the the Prospectus (including, without limitation, in the sections titled "The Servicer" and "The Loans") is materially true and accurate.

22. REPRESENTATIONS OF THE ISSUER AND THE LEGAL TITLE HOLDER

- 22.1 Each of the Issuer and the Legal Title Holder represents and warrants to the Servicer and the Security Trustee that it is duly incorporated in England and Wales and that it has power under its Memorandum and Articles of Association and all necessary corporate authority has been obtained and action taken to carry on its business as it is now being conducted and to sign and deliver and perform the transactions contemplated in this Agreement.
- 22.2 Each of the Issuer and the Legal Title Holder warrants and undertakes to the Servicer and the Security Trustee that in the performance of this Agreement it will comply with all laws, regulations, decrees and other ordinances issued by any governmental, state or other authority and has obtained and will maintain all licences, consents and authorisations necessary for or incidental to the subject matter of and to the performance of its obligations under this Agreement.

23. REGULATION

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

23.2 The Servicer will be required to not carry out any of the Services nor act upon any other decisions or instructions given by the Issuer, the Legal Title Holder, the Master Servicer, the Security Trustee or any other relevant person at any time where the Servicer reasonably believes that its actions would, or would be likely to:

- (a) have an adverse effect on the legal authorisations or obligations of the Servicer or the Legal Title Holder;
- (b) have an adverse effect on either the Servicer's or the Legal Title Holder's relationship with its Regulators;
- (c) contravene the obligations of the Servicer or the Legal Title Holder under any Requirement of Laws;
- (d) have an adverse effect on the reputation of the Servicer or the Legal Title Holder (or any affiliates) in the market or amongst the broader public; and/or
- (e) adversely affect the Servicer's rating as a servicer with Fitch, Moody's or Standard and Poor's (to the extent that it is rated by any of those rating agencies at such time),

provided that prior to refusing to take such action, unless it is prevented by Requirement of Law, the Servicer shall provide a reasonable explanation to the Issuer, the Legal Title Holder, the Master Servicer, the Security Trustee and any other relevant person.

23.3 The Servicer shall co-operate with any Regulator of the Issuer or the Legal Title Holder in relation to the Services.

24. SERVICES NON-EXCLUSIVE

24.1 Nothing in this Agreement shall prevent the Servicer from rendering or performing services similar to those provided for in this Agreement to or for itself or other persons, firms or companies or from carrying on business similar to or in competition with the business of the Issuer, the Legal Title Holder or the Security Trustee.

25. TERMINATION

25.1 If any of the following events (each, a **Servicer Termination Event**) shall occur:

- (a) default is made by the Servicer in the payment on the due date of any payment due and payable by it under this Agreement and such default continues unremedied for a period of 10 Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer, the Legal Title Holder or (after the delivery of a Note Acceleration Notice) the Security Trustee (acting on the instructions of the Note Trustee) requiring the same to be remedied;

- (b) default is made by the Servicer in the performance or observance of any of its other covenants and obligations under this Agreement, which default in the reasonable opinion of the Issuer (prior to the delivery of a Note Acceleration Notice) or in the opinion of the Security Trustee (after the delivery of a Note Acceleration Notice) (acting on the instructions of the Note Trustee) is materially prejudicial to the interests of the Noteholders (which determinations shall be conclusive and binding on all other Secured Creditors) and such default continues unremedied for a period of 20 Business Days after the earlier of the Servicer becoming aware of such default and of receipt by the Servicer of written notice from the Issuer, the Legal Title Holder and the Security Trustee requiring the same to be remedied;
- (c) the occurrence of an Insolvency Event in respect of the Servicer;
- (d) a Perfection Notice is delivered or an Automatic Perfection Event occurs provided that legal title to the Loans is not transferred to an Affiliate of the Servicer;
- (e) the Servicer ceases to perform the business of mortgage administration and servicing; or
- (f) if the Servicer loses any regulatory approval which is necessary in order to provide some or all of the Services, as the case may be, or any restriction is applied by a Regulator which will prevent the Servicer from complying with its obligations under this agreement provided that, it does not result or arise from compliance by the Servicer with any instruction given by or on behalf of the Issuer or the Security Trustee,

then the Issuer (subject to the prior written consent of the Security Trustee in consultation with the Master Servicer and Majority Holder) may at once or at any time thereafter while such default continues by notice in writing to the Servicer (with a copy to the Security Trustee) terminate its appointment as Servicer under this Agreement with effect from a date (not earlier than the date of the notice) specified in the notice provided that the Servicer's termination will not be effective until a successor servicer has been appointed. The Issuer (in consultation with the Master Servicer and Majority Holder) shall use its reasonable endeavours to appoint a substitute servicer that satisfies the conditions set forth in Clauses 25.2(e), (f), (g) and (h) below and if the Issuer identifies a successor servicer which satisfies such conditions that entity shall be the successor servicer.

25.2 The appointment of the Servicer under this Agreement may be terminated by the Servicer:

- (a) upon the expiry of not less than 18 months' written notice of termination given by the Servicer to the Master Servicer, the Issuer and Security Trustee (or such shorter time as may be agreed between the Servicer, the Issuer and the Security Trustee), PROVIDED THAT each of conditions set forth in paragraph (c) to (h) below is satisfied; or
- (b) following the occurrence of a Servicer Resignation Event, by written notice of termination given by the Servicer to the Master Servicer, the Issuer and Security Trustee (the **Termination Notice**) with effect from a date which shall be the later of (i) the date specified in the Termination Notice and (ii) the earlier of (x) the expiry of 180 days from the date which the Termination Notice has been given to the Master Servicer, the Issuer and the Security Trustee by the Servicer under this Clause 25.2(b) and (y) the satisfaction of the conditions set forth in paragraph (d) to (h) below.

The conditions to termination of the appointment of the Servicer under this Agreement referred to in Clause 25.2(a) and 25.2(b) are as follows:

- (c) the Issuer and Security Trustee consent in writing to such termination (such consent in the case of the Security Trustee shall be given on satisfaction of the conditions set out in paragraph (d) to (h) below);
- (d) a substitute servicer shall be appointed by the Issuer (subject to the prior written consent of the Security Trustee), such appointment to be effective not later than the date of such termination and the Servicer shall notify the Rating Agencies in writing of the identity of such substitute servicer;
- (e) such substitute servicer holds all licences, approvals, authorisations, and consents required in connection with the provision of the Services, including without limitation any necessary notifications under the Data Protection Laws, licences under the CCA and authorisations and permissions under the FSMA;
- (f) such substitute servicer has a management team with experience of administering mortgages of residential property in the United Kingdom and is approved by the Issuer and Security Trustee;
- (g) such substitute servicer enters into an agreement on similar terms as the relevant provisions of this Agreement, provided that (i) where the Issuer (or the Legal Title Holder) determines that it is not practicable, taking into account the then prevailing market conditions, to agree terms similar to those set out in this Agreement, the Issuer or the Legal Title Holder shall have certified in writing to the Security Trustee that, to the extent the terms are not similar as aforementioned, such terms are fair and commercial terms taking into account the then prevailing current market conditions, which certificate shall be conclusive and binding on all parties and the Secured Creditors, (ii) the Rating Agencies have been provided with a copy of the relevant agreement and (iii) the Security Trustee shall not be obliged to enter into any such arrangements if to do so would, in the sole opinion of the Security Trustee, have the effect of increasing the obligations or duties, or decreasing the protections, of the Security Trustee in the Transaction Documents and/or the Conditions. The Servicer shall not be released from its obligations under the relevant provisions of this Agreement until such substitute servicer has entered into such new agreement;
- (h) (if any Rated Notes remain outstanding) the then current ratings of the Rated Notes issued by the Issuer are not withdrawn, qualified or downgraded as a result of such termination, unless the termination is otherwise agreed by an Extraordinary Resolution of the holders of the Rated Notes.

25.3 Where a substitute servicer is appointed following the occurrence of a Servicer Termination Event or the termination by the Servicer in accordance with Clause 25.2, the reasonable and demonstrable third party transfer costs and the reasonable and demonstrable internal costs of the Servicer (to be charged at the Charge-Out Rates) in complying with Clause 25.5, which will be **Servicing Transition Costs**) will be met by the Issuer in accordance with the Pre-Acceleration Revenue Priority of Payments.

25.4 On and after termination of the appointment of the Servicer under this Agreement pursuant to this Clause 25, all authority and power of the Servicer under this Agreement shall be terminated and be of no further effect and the Servicer shall not thereafter hold itself out in any way as the agent of the Issuer and the Security Trustee pursuant to this Agreement.

25.5 Upon termination of the appointment of the Servicer under this Agreement pursuant to this Clause 25 (and subject to the payment of the Servicing Transition Costs in accordance with Clause 25.3):

- (a) as soon as reasonably practicable deliver (and in the meantime hold on trust for, and to the order of, the Issuer) to the Issuer or as it shall direct the Loan Files, any Title Information Documents, all books of account, papers, records, registers, correspondence and documents in its possession or under its control relating to the affairs of or belonging to the Issuer and the Loans sold by the Legal Title Holder to the Issuer comprised in the Portfolio and any other Related Security, (if practicable, on the date of receipt by the Servicer) any monies then held by the Servicer on behalf of the Issuer and any other assets of the Issuer;
- (b) take such further action as the Issuer and/or, as the case may be, the Security Trustee may reasonably direct;
- (c) provide to the Issuer all relevant information contained on computer records in the form of magnetic tape, together with details of the layout of the files encoded on such magnetic tapes;
- (d) co-operate and consult with and assist the Issuer, the Security Trustee and their nominees (which shall, for the avoidance of doubt, may include any substitute servicer appointed by any of them) for the purposes of explaining the file layouts and the format of the magnetic tapes generally containing such computer records on the computer system of the Servicer or such nominee; and
- (e) permit the Issuer and the Security Trustee to have access at reasonable times to the relevant Title Insurance Policies.

- 25.6 The Servicer shall deliver to the Issuer, the Security Trustee and the Master Servicer, as soon as is reasonably practicable but in any event within five Business Days of becoming aware thereof a notice of any Servicer Termination Event or any event which with the giving of notice or lapse of time or certification would constitute the same. Such notification shall specify which event in Clause 25.1 has occurred and was the cause of such Servicer Termination Event (or any event which with the giving of notice or lapse of time or certification would constitute a Servicer Termination Event), a description of such Servicer Termination Event, and, if relevant, a reference to the provision in this Agreement or the other Transaction Documents which the Servicer has breached.
- 25.7 Termination of this Agreement or the appointment of the Servicer under this Agreement shall be without prejudice to the liabilities of the Issuer to the Servicer or *vice versa* incurred before the date of such termination. The Servicer shall have no right of set-off or any lien in respect of such amounts against amounts held by it on behalf of the Issuer.
- 25.8 This Agreement shall terminate at such time as the Issuer has no further interest in any of the Loans or their Related Security.
- 25.9 On termination of the appointment of the Servicer under the provisions of this Clause 25, the Servicer shall be entitled to receive all fees, charges and other monies accrued up to the date of termination, any fees and charges associated with the Servicer's provision of exit assistance in accordance with Clause 25.5, the Servicer Make-whole Fee (if due and payable) in accordance with Clause 14.2 and any other fees and charges due and payable to the Servicer under the terms of this Agreement. Such monies so receivable by the Servicer shall be paid by the Issuer on the dates on which they would otherwise have fallen due hereunder. For the avoidance of doubt, such termination shall not affect the Servicer's rights to receive payment of all amounts (if any) due to it from the Issuer other than under this Agreement..
- 25.10 Prior to termination of this Agreement, the Servicer, the Legal Title Holder, and the Issuer shall co-operate to make the necessary arrangements to obtain a new bank mandate permitting the Issuer to operate the Direct Debiting Scheme with respect to the Loans in the Portfolio.

- 25.11 Where a substitute servicer is to be appointed following the occurrence of a Servicer Termination Event or termination by the Servicer in accordance with Clause 25.2, the servicer fee payable to such substitute servicer will be agreed by the Issuer and the substitute servicer prior to its appointment.
- 25.12 Any provision of this Agreement which is stated to continue after termination of the Agreement shall remain in full force and effect notwithstanding termination.
- 25.13 If the appointment of the Servicer as a servicer under this Agreement is terminated due to the occurrence of an Insolvency Event in relation to the Servicer as described in Clause 25.1(c), the substitute servicer will agree to act as a substitute servicer in respect of the Loans and their Related Security comprising the Portfolio and perform the role of the Servicer pursuant to the relevant provisions of this Agreement, provided however that the proposed substitute servicer shall not be permitted to act as such substitute servicer if the condition set forth in Clause 25.2(h) is not complied with. The Servicer shall not be released from its obligations under the relevant provisions of this Agreement until the condition set forth in Clause 25.2(h) is satisfied. Where the condition set forth in Clause 25.2(h) is not complied with, the Servicer and the Issuer shall use their reasonable endeavours to appoint a substitute servicer that satisfies the conditions set forth in Clauses 25.2(f), 25.2(g) and 25.2(h).
- 25.14 The Security Trustee has no obligation to assume the role or responsibilities of the Servicer or to appoint a substitute servicer.
- 25.15 Where (i) the Issuer or the Majority Holder intends to refinance the Notes or otherwise sell the Loans, or (ii) the legal title to the Loans is transferred to a new legal entity, the Servicer agrees to provide such cooperation as the Issuer and / or the Majority Holder reasonably require in relation to such refinancing, sale or transfer (including without limitation providing information, assistance and access to advisers, service providers, AUP report providers, rating agencies and due diligence providers). The Servicer shall be reimbursed by the Issuer or the Majority Holder for all reasonable and demonstrable third party costs and reasonable and demonstrable internal costs (to be charged at the Charge-Out Rates) incurred by the Servicer in complying with this Clause.

26. MISCELLANEOUS

26.1 Subject to Clause 26.2, in the event that the funds available to the Issuer on any Interest Payment Date are not sufficient to satisfy in full the aggregate amount payable to the Servicer by the Issuer on such Interest Payment Date, then the amount to be paid to the Servicer on such Interest Payment Date shall be reduced by the amount of the shortfall and such shortfall shall (subject always to the provisions of this Clause 26.1) be payable on the immediately succeeding Interest Payment Date in accordance with the relevant Priorities of Payment.

26.2 In the event that:

- (a) after redemption in full of the Notes; or
- (b) after service of a Note Acceleration Notice and payment of all other prior claims,

the remaining sums available to the Issuer or remaining proceeds of enforcement are insufficient to satisfy in full the outstanding fees of the Servicer, such fees shall be reduced by the amount of the deficiency.

26.3 Each of the Legal Title Holder and the Servicer agrees that it will not:

- (a) set off or purport to set off any amount which the Issuer is or will become obliged to pay to it under any of the Transaction Documents against any amount from time to time standing to

the credit of, or to be credited to, the Deposit Account or any other account prior to transfer to the Deposit Account or any other account, as appropriate (including any amounts representing amounts standing to the credit of the Collection Accounts in respect of the Loans); or

- (b) make or exercise any claims or demands, any rights of counterclaim or any other equities against, or withhold payment of, any and all sums of money which may at any time and from time to time be standing to the credit of each Deposit Account or any other account (including any amounts representing amounts standing to the credit of the Collection Accounts in respect of the Loans).

Notwithstanding any other provisions of this Agreement, all obligations to, and rights of, the Issuer under or in connection with this Agreement (other than its obligations under Clause 19.1 (Confidentiality)) shall automatically terminate upon the discharge in full of all amounts owing by it under the Transaction Documents, PROVIDED THAT this shall be without prejudice to any claims in respect of such obligations and rights arising on or prior to such date.

- 26.4 The Legal Title Holder undertakes to the Issuer that it will not accept any deposits from a Borrower for so long as it holds legal title to that Borrower's Loan.

27. INDEMNITY

- 27.1 The Issuer shall fully and continually indemnify the Servicer from and against any and all proceedings, costs, Liabilities, damages, claims, fines and expenses which the Servicer sustains or incurs or which may be brought or established against the Servicer by any person (including any Regulator) and which in any case arise out of or in relation to or by reason of the Servicer providing the Services under this Agreement or the Historic Servicing Agreement (including, for the avoidance of doubt, applying the fees and expenses set out in the Tariff of Charges to any Borrower and/or Loan and the taking of any step in connection with any arrears/possession or exercising any rights of the Legal Title Holder as lender of record in connection with the Loans and the Related Security) except where the relevant proceedings, costs, Liabilities, damages, claims and expenses arise by reason of the Servicer's fraud, breach or negligent performance of or failure to perform any obligation of the Servicer in this agreement or the Historic Servicing Agreement and this indemnity shall not extend to any Tax imposed on or calculated by reference to the fees, charges, commissions or other remuneration payable to the Servicer or any of its subcontractors or delegates.
- 27.2 Subject to Clause 27.8, the Servicer undertakes to the Issuer, the Legal Title Holder and the Security Trustee to indemnify the Issuer, the Legal Title Holder and the Security Trustee against all proceedings, costs, Liabilities, damages, claims and expenses which such other may suffer or incur as a direct and foreseeable result of the Servicer's fraud, breach or negligent performance of or failure to perform any obligation in this Agreement but only to the extent of the Servicer's own fraud, breach or negligent performance of or failure to perform any obligation in this Agreement and not the wilful default of the Issuer, the Legal Title Holder or the Security Trustee seeking indemnity. This indemnity does not extend to any special, indirect or consequential damage, loss of profit or business which liability to a party is specifically excluded from this Agreement.
- 27.3 The Servicer excludes all liability for any loss to the Issuer, the Legal Title Holder or the Security Trustee whether direct or consequential arising out of any default in payment by any Borrower or any challenge to the enforceability of a Loan or Mortgage or Related Security (unless any such default or challenge has resulted from the proven fraud, wilful default or negligence of the Servicer, as determined by a court of competent jurisdiction).
- 27.4 Provided it has complied with the requirements of Clause 4.2, the Servicer excludes all liability for any loss to the Issuer, the Legal Title Holder or the Security Trustee whether direct or consequential

due to any negligent or fraudulent act, error or omission of any Third Party Provider instructed by the Servicer on behalf of the Issuer in connection with any Loan.

- 27.5 Notwithstanding the generality of this Clause 27, if the Issuer has sustained a loss or potential loss, allegedly attributable to the performance of the Servicer and there is a lawful right of recovery against a Borrower or any other party, the Servicer specifically reserves to effect that recovery in the name of the Issuer or the Legal Title Holder subject to the consent of the Issuer or the Legal Title Holder (as applicable), such consent not to be unreasonably withheld or delayed. If the Issuer or the Legal Title Holder (as applicable) unreasonably withholds consent then the Servicer excludes liability to the Issuer arising out of any loss sustained by the Issuer as a result of the Issuer's or the Legal Title Holder's refusal to grant such consent.
- 27.6 The Servicer excludes all liability for the performance of any Mortgage contained within the Portfolio or the value of any property secured under a Mortgage contained within the Portfolio.
- 27.7 The Servicer excludes all liability howsoever arising for any actions, claims, costs or damages accruing against the Issuer, the Legal Title Holder or the Security Trustee and occasioned by defective underwriting or administration of any Mortgage, the cause of which has accrued before the Account Transfer Date.
- 27.8 Subject to Clause 27.9, but other than in respect of:
- (a) the Servicer's fraud or deliberate repudiatory breach in the performance of its obligations under this Agreement or the Historic Servicing Agreement; or
 - (b) any sum which the Servicer and its respective subcontractors or delegates holds or should hold on trust for the Issuer and for which the Servicer fails to account to the Issuer; or
 - (c) the indemnities set out in Clauses 31.3 and 31.4,
- the Servicer's aggregate liability in contract, tort, delict (including negligence or breach of statutory or regulatory duty) or otherwise howsoever, and whatever the cause thereof, arising by reason of or in connection with this Agreement:
- (d) shall be limited to:
 - (i) in each 12 month period commencing from the Closing Date, 100% of the Servicing Fee payable to the Servicer in that 12 month period, or in the case of the first year starting on the Closing Date, an amount in the aggregate equal to the aggregate Servicing Fee paid under this Agreement at the time at which such liability arises, annualised; and
 - (ii) in aggregate, £1,500,000 (one million five hundred thousand pounds); and
 - (e) shall not include any claim for any increased costs and expenses, loss of profit, business, contracts, revenues or anticipated savings or for any special indirect or consequential damage of any nature whatsoever which liability is hereby excluded.
- 27.9 Nothing in this Agreement shall exclude or limit a Party's liability in respect of any claims:
- (a) for personal injury or death caused by the negligence of such party or its personnel;
 - (b) resulting from any fraud including, without limitation, fraudulent misrepresentation made by such party; or

(c) any liability which cannot be excluded or limited by Requirement of Law.

27.10 The Servicer undertakes to the Issuer, the Legal Title Holder and the Security Trustee to indemnify the Issuer, the Legal Title Holder and the Security Trustee against all proceedings, costs, Liabilities, damages, claims and expenses which such other may suffer or incur as a direct and foreseeable result of the Servicer's fraud, breach or negligent performance of or failure to perform any obligation in the Historic Servicing Agreement but only to the extent of the Servicer's own fraud, breach or negligent performance of or failure to perform any obligation in the Historic Servicing Agreement and not the wilful default of the Issuer, the Legal Title Holder or the Security Trustee seeking indemnity and only if and to the extent the Servicer would have been liable for the same under the Historic Servicing Agreement and subject to any limitation of liability provisions in the Historic Servicing Agreement. This indemnity does not extend to any special, indirect or consequential damage, loss of profit or business which liability to a party is specifically excluded from the Historic Servicing Agreement.

27.11 The provisions of this Clause 27 shall survive termination of this Agreement.

28. FORCE MAJEURE

28.1 In the event that the Servicer is rendered unable to carry out its obligations under this Agreement or any other Transaction Document to which (in its capacity as such) it is a party by electricity power-cuts, failure of international or domestic clearing or payment systems (where such failure arose out of the circumstances beyond its control and other than where such failure is specific to the Servicer), strikes, lock-outs, sit-ins, industrial disturbances (other than strikes, lock-outs, sit-ins and industrial disturbances which are specific to the Servicer lasting more than 5 days), earthquakes, storms, fire, flood, acts of God, insurrections, riots, epidemics, war, civil disturbances, governmental directions or regulations, or any other circumstances beyond its control (a **Force Majeure Event**), the Servicer shall not be liable for any failure to carry out its obligations under this Agreement or any other Transaction Document to which the Servicer is a party (in its capacity as such) which are affected by the event in question and, for so long as such circumstances continue, shall be relieved of its obligations under this Agreement and any other such Transaction Document which are affected by the event in question without liability provided that this Clause 28.1 shall not apply if any such event arose as a result of (i) the fraud, negligence or wilful default of the Servicer, (ii) if the event in question is an electricity power cut and at the time of such electricity power cut, the Servicer does not have a back-up generator in place (provided that the Servicer shall not be liable if it does have such a backup generator in place but there is a failure of such backup generator), or (iii) if the event in question is a computer software, hardware or systems failure and at the time of such failure, the Servicer does not have reasonable back up computer software, hardware or systems in place (provided that the Servicer shall not be liable if it does have such equivalent back up computer software, hardware and systems in place but there is a failure of such equivalent back up computer software, hardware or systems).

28.2 If affected by any of the events set out in Clause 28.1 the Servicer shall:

- (a) provide the other Parties and the Majority Holder with full written details of the nature and extent of the event in question;
- (b) use its reasonable endeavours to avoid or minimise the consequences of the event in question and carry out its obligations and duties in such other ways as may be reasonably practicable; and
- (c) use its reasonable endeavours to resume performance of the suspended obligation and in the meantime, continue to perform the remainder of its obligations to the best of its ability.

- 28.3 During any period in which the Servicer is prevented from performing any of its obligations under this Agreement as a result of any Force Majeure Event, the Servicer shall be entitled to a reasonable fee for the performance of those obligations which it is able to perform and which it continues to perform, and such fee shall be agreed between the parties hereto (acting reasonably). The Servicer shall, notwithstanding the occurrence of a Force Majeure Event remain entitled to reimbursement of any Liabilities pursuant to Clause 12 (VAT, Costs and Expenses).
- 28.4 If a Force Majeure Event continues for a period of 45 days or more, then the Issuer (subject to the prior written consent of the Security Trustee acting on the instructions of the Note Trustee) or, following the service of a Note Acceleration Notice, the Security Trustee (acting on the instructions of the Note Trustee) may at once or at any time thereafter while such event continues by notice in writing to the Servicer (with a copy to the Security Trustee in the case of the Issuer) terminate its appointment as Servicer under this Agreement with effect from a date (not earlier than the date of the notice) specified in the notice.

29. INTELLECTUAL PROPERTY

The Parties agree that:

- (a) all Intellectual Property Rights created by the Servicer in the course of performing the Services shall be proprietary to the Servicer; and
- (b) nothing in this Agreement shall transfer title in or constitute a licence to use any Intellectual Property Rights created or held by the Servicer.

In this Clause 29, the term **Intellectual Property Rights** means patents, unpatented inventions, registered and unregistered designs and design rights, copyrights (including rights in computer software), database rights, topography rights, domain names, trademarks, service marks, trade names, rights in trade secrets, know-how including applications and the right to apply for the foregoing and all other intellectual property rights of any nature whatsoever, and all rights of a similar nature or having similar effect, throughout the world, whether registered or unregistered.

30. INCONSISTENCY, SEVERANCE AND FURTHER ASSURANCE

- 30.1 If and to the extent that there is any inconsistency between this Agreement and the schedules, the terms of this Agreement are to prevail.
- 30.2 If any term or provision in this Agreement is held to be illegal or unenforceable, in whole or in part, under any enactment or rule of law, that term or provision will to that extent be deemed not to form part of this Agreement but the validity and enforceability of the remainder of this Agreement are to remain unaffected.
- 30.3 The parties hereto agree (subject to the provisions of the Deed of Charge) 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 Agreement.
- 30.4 Without prejudice to the generality of Clause 30.3, the Issuer and the Legal Title Holder shall upon reasonable request by the Servicer as soon as reasonably practicable give to the Servicer such further powers of attorney or other written authorisations, mandates or instruments as are necessary to enable the Servicer to perform the Services.
- 30.5 Nothing in this Agreement shall impose any obligation or liability on the Issuer or the Security Trustee to assume or perform any of the obligations of the Servicer hereunder or render it liable for any breach thereof.

31. TUPE

- 31.1 The parties to this Agreement declare that they do not consider that by virtue of expiry or termination of this Agreement (the **Termination**), the Transfer Regulations will apply so as to transfer the employment of any employee of the Servicer to the Issuer, the Legal Title Holder, the Master Servicer, the Security Trustee, the Vendor or any successor servicer (together the **Employer Group**).
- 31.2 If, notwithstanding Clause 31.1, the Transfer Regulations operates to transfer the contract of employment of any person (a **Transferring Servicer Employee**) from the Servicer to any member of the Employer Group, and within the period of three months following such termination:
- (a) the employment of any such employee is terminated by the Issuer or any successor servicer by reason of redundancy within the meaning of s139 of the Employment Rights Act 1996; and
 - (b) the Issuer or the successor servicer follows a fair procedure when dismissing the employee by reason of redundancy as required under s98 of the Employment Rights Act 1996; and
 - (c) the Issuer or the successor servicer is obliged to pay Associated Costs, the Servicer agrees that it shall, upon such payment being made by the Issuer or the successor servicer and satisfactory evidence being provided to the Servicer of such payment, reimburse promptly to the Issuer or the successor servicer the Associated Costs.
- 31.3 Provided that the Issuer or the successor servicer has complied with the above, the Servicer shall indemnify the Issuer or the successor servicer (on an after tax basis) against any costs, claims, liabilities and expenses (including reasonable legal expenses) in connection with or as a result of any claim brought by such employee in connection with such dismissal.
- 31.4 The Servicer shall indemnify the Issuer or the successor servicer (as applicable) in full for and against all claims, costs, expenses or liabilities whatsoever and howsoever arising, incurred or suffered by the Issuer or the successor servicer including without limitation all legal expenses and other professional fees (together with any VAT thereon) in relation to anything done or omitted to be done by the Servicer in respect of a Transferring Servicer Employee to it which is deemed to have been done by the Issuer or the successor servicer (as applicable) by virtue of the Transfer Regulations or any other matter, event or circumstance relating to a Transferring Servicer Employee occurring before the date of their transfer of employment to the Issuer or the successor servicer.

32. NOTICES

- 32.1 Any notices to be given pursuant to this Agreement to any of the parties hereto shall be sufficiently served if sent by prepaid first class post, by hand or facsimile transmission or email and shall be deemed to be given (in the case of facsimile transmission or email) when despatched, (where delivered by hand) on the day of delivery if delivered before 5.00 p.m. (London time) on a Business Day or on the next Business Day if delivered thereafter or (in the case of first class post) when it would be received in the ordinary course of the post and shall be sent:
- (a) in the case of the Servicer: to Target Servicing Limited, Target House, Cowbridge Road East, Cardiff CF11 9AU (email: legal@targetgroup.com) for the attention of the Head of Legal, with any notice sent by email to the Servicer to be followed by a confirmation copy given by either pre-paid first class post or by hand;

- (b) in the case of the Master Servicer: to OneSavings Bank PLC, Reliance House, Sun Pier, Chatham, Kent ME4 4ET (email: company.secretary@osb.co.uk) for the attention of the Company Secretary;
- (c) in the case of the Legal Title Holder: to Rochester Mortgages Limited, Reliance House, Sun Pier, Chatham, Kent ME4 4ET (email: company.secretary@osb.co.uk) for the attention of the Company Secretary;
- (d) in the case of the Issuer: to Rochester Financing No.3 PLC, 1 Bartholomew Lane, London, United Kingdom, EC2N 2AX (facsimile number 0207 398 6325, telephone number: 0207 398 6300, email: directors-uk@intertrustgroup.com) for the attention of The Directors, with copies to OneSavings Bank PLC, Reliance House, Sun Pier, Chatham, Kent ME4 4ET (email: company.secretary@osb.co.uk) for the attention of the Company Secretary; and
- (e) in the case of the Security Trustee: to U.S. Bank Trustees Limited, 125 Old Broad Street, Fifth Floor, London EC2N 1AR (facsimile: +44 (0)20 7365 2577) for the attention of Structured Finance Relationship Management;

or to such other address or facsimile number or email address or for the attention of such other person or entity as may from time to time be notified by any party to the others by written notice in accordance with the provisions of this Clause 31.

32.2 All notices served under this Agreement shall be simultaneously copied to the Security Trustee by the person serving the same

33. VARIATION AND WAIVER

Subject to Clause 23.7 and 23.8 of the Deed of Charge no variation, waiver or novation of this Agreement or any provision of this Agreement shall be effective unless it is in writing and signed by (or by some person duly authorised by) each of the parties hereto. No single or partial exercise of, or failure or delay in exercising, any right under this Agreement shall constitute a waiver or preclude any other or further exercise of that or any other right. No variation or waiver of this Agreement shall be made if the same would adversely affect the then current ratings of any of the Rated Notes.

34. AMENDMENTS

Subject to Clause 23.7 and 23.8 of the Deed of Charge, any amendment to this Agreement will be made only with the prior written consent of each party to this Agreement.

35. ASSIGNMENT

None of the parties to this Agreement (other than the Security Trustee) may assign or transfer any of its rights or obligations under this Agreement without the prior written consent of each of the parties hereto, except (i) that the Servicer shall be entitled without consent to assign its rights to receive any payments owing pursuant to this Agreement to any other company within the Servicer's Group provided that any such assignment must take effect in equity only and in no circumstances will the Issuer or any other Party be obliged to make any payment owing pursuant to this Agreement to any assignee of the Servicer and if any such company to which such rights have been assigned is to cease to be a member of the Servicer's Group then, prior to leaving that Group, the assigning party shall procure that all such rights are assigned back to the assigning party or to another member of its Group; and (ii) as provided in the Transaction Documents and in particular, the Issuer may assign its rights hereunder to the Security Trustee without such consent pursuant to the Deed of Charge.

36. SECURITY TRUSTEE

- 36.1 If there is any change in the identity of the Security Trustee or any additional Security Trustee is appointed in accordance with the Deed of Charge, the parties to this Agreement shall execute such documents and take such action as such successor or additional Security Trustee and the outgoing Security Trustee may reasonably require for the purpose of vesting in such successor or additional Security Trustee the rights and obligations of the outgoing Security Trustee under this Agreement and releasing the outgoing Security Trustee from any future obligations under this Agreement.
- 36.2 The Security Trustee has agreed to become a party to this Agreement for the better preservation and enforcement of its rights under this Agreement but shall not assume any obligations or liabilities to the Legal Title Holder, the Servicer or the Issuer hereunder. Any liberty or right which may be exercised or any determination which may be made under this Agreement by the Security Trustee may be exercised or made in the Security Trustee's absolute discretion without any obligation to give reasons therefor and the Security Trustee shall not be responsible for any liability occasioned by so acting but subject always to the terms of the Deed of Charge.
- 36.3 All the provisions of the Deed of Charge and the Trust Deed relating to the exercise by the Security Trustee of its powers, trusts, authorities, duties, rights and discretions shall apply, *mutatis mutandis*, to the discharge by the Security Trustee of its powers, trusts, authorities, duties, rights and discretions under this Agreement.
- 36.4 For the avoidance of doubt, and without prejudice to the obligations of the Issuer, neither the Security Trustee nor any receiver appointed pursuant to the Deed of Charge shall be liable to pay any amounts due under Clauses 12 (VAT, Costs and Expenses) and 14.

37. NON-PETITION AND LIMITED RECOURSE

- 37.1 Each party to this Agreement hereby agrees that it is a party to the Deed of Charge. The Servicer and the Master Servicer agree that they are bound by Clause 20 (Exercise of Certain Rights) of the Deed of Charge.
- 37.2 This Clause 37 shall survive the termination of this Agreement.

38. THIRD PARTY RIGHTS

- 38.1 A successor servicer may enforce the terms of Clause 31 against the Servicer under the Contracts (Rights of Third Parties) Act 1999.
- 38.2 Other than pursuant to Clause 38.1, a person who is not a party to this Agreement may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999 but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

39. COUNTERPARTS AND SEVERABILITY

- 39.1 This Agreement may be executed in any number of counterparts (manually or by facsimile) and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same instrument.
- 39.2 Where any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations under this Agreement, or of such provision or obligation in any other jurisdiction, shall not be affected or impaired thereby.

40. ANTI-BRIBERY PROVISIONS

Each Party warrants and undertakes to the other that:

- (a) it will comply with Requirement of Laws, regulations, codes and sanctions relating to anti-bribery and anti-corruption including but not limited to the Bribery Act 2010;
- (b) it will have and maintain in place throughout the term of this Agreement an anti-bribery policy (as may be amended from time to time), to ensure compliance with Clause 40(a), a copy of which will be provided on written request;
- (c) it will procure that any person who performs or has performed services for or on its behalf (**Associated Person**) in connection with this Agreement complies with this Clause 40;
- (d) it will not enter into any agreement with any Associated Person in connection with this Agreement, unless such agreement contains undertakings equivalent to those contained in this Clause 40;
- (e) it has and will maintain in place effective accounting procedures and internal controls necessary to record expenditure in connection with this Agreement;
- (f) it will, from time to time, at the reasonable request of another Party, confirm in writing that it has complied with its undertakings under this Clause 40 and will provide any information reasonably requested by another Party in support of such compliance;
- (g) it shall notify the other Parties as soon as practicable of any breach of any of the undertakings contained within this Clause 40 of which it becomes aware, and
- (h) a breach by it of any of the undertakings in this Clause 40 shall be deemed to be materially prejudicial to the interests of Noteholders for the purpose of Clause 25.1(b).

41. GOVERNING LAW AND JURISDICTION

41.1 This Agreement (and any non-contractual obligations arising out of or in connection with it) is governed by and construed in accordance with English law.

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

AS WITNESS this Agreement has been signed by the parties (or their duly authorised representatives) on the date stated at the beginning of this Agreement.

SCHEDULE 1
FORM OF REPORTS

COPY

Investor Report



Period: 1 May 2021 to 31 May 2021

As At: 31 May 2021 00:00:00

Original Balance from 31st Oct 2015

Original Principal Balance

Opening Principal Balance

Principal Movement Cash

of which scheduled

of which prepayment

Capitalisation of Arrears, Interest and Expenses

Principal Losses

Post Loss Adjustment

Closing Principal balance

Total Principal Recoveries

Original Number of Loans

Total Number of Loans redeemed in Period

Total Number of Loans redeemed Cumulative

Total Current Number of Loans

Pay Rate Data

Total

No. of Loans Paying => Monthly CMS

No. of Loans Paying => 75% CMS

No. of Loans Paying < 75% CMS

No. of Loans that Made No Payment

Total

% Original Principal Balance

% Outstanding Principal Balance

1 to 2 Months

COPY

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

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

% Original Principal Balance
 % Outstanding Principal Balance

2 to 3 Months

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

% Original Principal Balance
 % Outstanding Principal Balance

3 to 4 Months

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

% Original Principal Balance
 % Outstanding Principal Balance

4+ Months

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

% Original Principal Balance
 % Outstanding Principal Balance

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

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

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

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

Payment Holiday Summary

Count of Holiday Payments by Duration in Months	
H	
Principal Balance of Holiday Payments by Duration in Months	
H	

COPY

Investor Report



Period: 1 Mar 2021 to 31 May 2021

As At: 31 May 2021 00:00:00

Original Balance from 31st Oct 2015

Original Principal Balance

Opening Principal Balance

Principal Movement Cash

of which scheduled

of which prepayment

Capitalisation of Arrears, Interest and Expenses

Principal Losses

Post Loss Adjustment

Closing Principal balance

Total Principal Recoveries

Original Number of Loans

Total Number of Loans redeemed in Period

Total Number of Loans redeemed Cumulative

Total Current Number of Loans

Revenue Collections for Calculation Period

Total Interest Receipts

Fee Cash Movement

Total expenses

Total ERC

Total Revenue Recoveries

Less: Third Party Amounts Paid

Repossessions

This Period

Last Period

Number of repossessions this Quarter

Number of LPA's this Quarter

Repossessions cured

Total number of properties unsold

Principal balance unsold

Principal balance cured

% Original principal balance

COPY

% Outstanding principal balance
 Value of properties repossessed this Quarter
 Cumulative value of properties repossessed since close

Sales of Repossessions

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

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

Principal Loss

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

This Period	Last Period
Principal Balance	Principal Balance

Other Losses

Cumulative ERC losses incurred
 Cumulative Fee losses incurred
 Cumulative Expense losses incurred

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

Pay Rate Data

Total

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

Total

% Original Principal Balance
 % Outstanding Principal Balance

1 to 2 Months

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

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

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

% Original Principal Balance
 % Outstanding Principal Balance
2 to 3 Months

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

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

% Original Principal Balance
 % Outstanding Principal Balance
3 to 4 Months

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

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

% Original Principal Balance
 % Outstanding Principal Balance
4+ Months

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

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

% Original Principal Balance
 % Outstanding Principal Balance

Payment Holiday Summary

Count of Holiday Payments by Duration in Months	
H	
Principal Balance of Holiday Payments by Duration in Months	
H	

COPY



Mortgage Account Number	Date of Realisation of Loss	Original Balance	Sale Price	Gross Loss (Principal Balance Outstanding @ point of loss)	Net Loss (Reported)	Loss Severity @ default date	Cumulative Recoveries

COPY

SCHEDULE 2

FORM OF POWER OF ATTORNEY

THIS DEED OF POWER OF ATTORNEY is made on ____ June 2021 by:

ROCHESTER FINANCING NO. 3 PLC (registered number 13365012), a public limited company incorporated under the laws of England and Wales, whose registered office is at 1 Bartholomew Lane, London, United Kingdom, EC2N 2AX (the **Issuer**); and

ROCHESTER MORTGAGES LIMITED (registered number 09928431), a private limited company incorporated under the laws of England and Wales, whose registered office is at Reliance House, Sun Pier, Chatham, Kent ME4 4ET (the **Legal Title Holder**),

IN FAVOUR OF:

TARGET SERVICING LIMITED (registered number 05618062), a private limited company incorporated under the laws of England and Wales, whose registered office is at Target House, Cowbridge Road East, Cardiff CF11 9AU (the **Servicer**).

WHEREAS:

- (A) By virtue of a servicing agreement dated on or about the Closing Date and made between, *inter alia*, (1) the Issuer, (2) the Legal Title Holder and (3) the Servicer (the **Servicing Agreement**) provision was made for the execution by the Issuer of this Power of Attorney.
- (B) Words and phrases in this Power of Attorney shall (save where expressed to the contrary) have the same meanings respectively as the words and phrases in the Master Definitions and Construction Schedule made between the parties to the Transaction Documents on or about the Closing Date (as the same may be amended, varied or supplemented from time to time with the consent of the parties to the Master Definitions and Construction Schedule) and this Power of Attorney shall be construed in accordance with the interpretation provisions set out in **Clause 2** of the Master Definitions and Construction Schedule.

NOW THIS DEED WITNESSETH as follows:

1. The Issuer and the Legal Title Holder hereby appoint the Servicer as its attorney on its behalf, and in its own or the attorney's name, for the following purposes:
 - (a) executing all documents necessary for the purpose of discharging a relevant Loan comprised in the Portfolio which has been repaid in full and any Related Security or for the sale of a relevant Property as mortgagee or as heritable creditor;
 - (b) executing all documents and implementing all Electronic Notifications of Discharge or otherwise to the Land Registry or, as applicable, the Registers of Scotland necessary for the purpose of releasing a Mortgage in accordance with **Clause 10** (Segregation of Business and Document Handling) of the Servicing Agreement;
 - (c) executing all documents and doing all such acts and things which in the reasonable opinion of the Servicer are necessary or desirable for the efficient provision of the Services under the Servicing Agreement;

- (d) exercising all rights, powers and discretion of the lender under the relevant Loans and Related Security; and
- (e) appointing any delegate as its attorney and on its behalf, and in the Issuer's or the Legal Title Holder's own name or the attorney's name, for all or any of the above purposes,

provided that, for the avoidance of doubt, these powers of attorney shall not authorise the Servicer to sell any of the relevant Loans by way of portfolio sale or otherwise (whether or not sold by the Legal Title Holder to the Issuer) and/or their Related Security comprised in the Portfolio (other than the sale of Loans to third party debt collection agents in enforcement scenarios), except as specifically authorised in the Transaction Documents. For the avoidance of doubt, neither the Legal Title Holder nor the Issuer shall be liable or responsible for the acts of the Servicer or any failure by the Servicer to act under or in respect of these powers of attorney, save where such liability or responsibility is imposed under the Servicing Agreement.

2. The appointments contained in this Power of Attorney in respect of the Servicing Agreement by the Issuer and the Legal Title Holder shall be irrevocable unless and until the termination of the appointment of the Servicer pursuant to **Clause 25** (Termination) of the Servicing Agreement, upon which the appointments in respect of that Servicer contained in in this Power of Attorney shall be automatically revoked.

IN WITNESS WHEREOF the Issuer has executed and delivered this document as a deed the day and year first before written.

Issuer

EXECUTED and DELIVERED as a DEED)
 by **ROCHESTER FINANCING NO. 3 PLC**)
 acting by two Directors being:)

 and

Legal Title Holder

EXECUTED and DELIVERED as a DEED)
by **ROCHESTER MORTGAGES LIMITED**)
acting by its Attorney being:)

In the presence of:

Witness:)

Name:)

Address:)

)
)
)

COPY

SCHEDULE 3
CHARGE-OUT RATES

Role	Daily Charge-Out Rate
Director	£2,436.31
Senior Consultant / Head of Department / Legal Counsel	£1,963.85
Project Manager / Consultant	£1,588.15
Development / Operational Manager	£1,297.84
Analyst / Programmer / Tester	£1,240.94
Servicing / Operational Staff	£700.15

A standard day is 7.5 hours. Partial days are apportioned on a pro rata basis.

Exclusive of expenses, VAT & other taxes

Daily Charge-Out Rates are subject to indexation on an annual basis taking effect from 1 April of each year. Such indexation is calculated on the basis of the relevant change in the Retail Price Index (RPI) in the previous year. The daily Charge-Out Rates are exclusive of expenses, VAT and other taxes.

SCHEDULE 4

DESCRIPTION OF DATA PROCESSING

<p>Data Controller</p> <p>Rochester Financing No 3 PLC c/o Intertrust Management Limited, 35 Great St. Helen's, London, United Kingdom, EC3A 6AP</p> <p>Rochester Mortgage Limited Data Protection Officer: David Morgan</p>
<p>Data Processor</p> <p>Servicer, as set out above. Data Protection Officer: Bernard Conlon</p>
<p>The subject matter of the processing is:</p> <p>Hosting and administering loans on the Servicer's loan processing platform.</p>
<p>The duration of the processing is:</p> <p>The processing shall cease at such time as the Issuer has no further interest in any of the Loans.</p>
<p>The nature and purpose of the processing is:</p> <ul style="list-style-type: none">• Performing processing activities and ancillary customer service processes including arrears management and payment processing in relation to Issuer's customers.• processing customer service requests as required to ensure that payments are correctly collected and attributed and redemptions or reductions in security (where applicable) are correctly recorded and acted upon.
<p>The categories of Personal Data being Processed is:</p> <ul style="list-style-type: none">• Controller Party Customer Data (including Name, address, telephone number, email address, Date of Birth, Employment Details, Financial History)
<p>The categories of Data Subjects include:</p> <ul style="list-style-type: none">• Customers

The obligations and rights of the controller:

as set out in this Agreement

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SCHEDULE 5
SERVICE SPECIFICATION

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Definition of Service (DoS)
Target Servicing Limited (TSL) & Client

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Version Control		
Date	Version	Updates
11 December 2014	1.0	First published version of Secured Lending, First Residential Loans & Commercial Lending DoS
15 December 2014	1.1	Removal of Investments Service Class (into a separate DoS) Addition of Unsecured Lending
30 March 2015	1.2	Amendments to 5.1 Compliance Monitoring – first bullet point - removal of ‘monthly’ reviews Amendments to 5.2 Financial Crime – PEP screening moved from Core to Enhanced Service Removal of Client Money Policy – applicable to Investments DoS only
7 May 2015	1.3	Amendment to 1.1 Broker Support – removal of bullet point ‘Provide a Broker portal with capability for on line application processing and on line case management’
		Amendments to Appendix 3 – Service Standards - Addition of Standard SLAs
29 July 2015	1.4	Amendments as requested by Mark Sherwood Edwards (Legal Advisor),including: <ul style="list-style-type: none"> • Change (name of client) to Client throughout document • Service Overview – addition of ‘The services are provided during business hours as outlined in Appendix 1) • Removal of ‘Client Obligations’ page – covered in main contract • Removal of ‘Governance’ page – covered in main contract Amendment to wording of 5.1 Compliance Monitoring - requested by Sarah Gibbs
11 February 2016	1.5	Amendments to Appendix 3 – Service Standards - Addition of Standard SLAs and removal of KPIs
09 July 2019-Version 1.6. DOS Review carried out by Laura Albert. Amendments to sections; 3.7- Special Servicing and 4.1- Complaints Handling.		

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- Introduction and Service Overview
- Service Classes
 - Customer Services
 - Primary Servicing
 - Special Servicing
 - Complaints Management
 - Client Services
 - Compliance
 - Management Information
 - Financial Servicing
- Governing Policies
- Appendices
 - Appendix 1 - Service/Operational Hours
 - Appendix 2 - Contact Channels
 - Appendix 3 - Service Standards
 - Appendix 4 - Standard Reports
 - Appendix 5 - Agreed Mandates and Authority

Introduction

The aim of the Definition of Service is to provide a high-level overview of the services which Target Servicing Limited (TSL) is contracted to deliver to Client.

Any amendments made to the services set out within this document will be managed through the agreed Change Control process in place between TSL and Client.

This document will be reviewed periodically to ensure it accurately reflects the agreed service.

Service Overview

The services set out in the Definition of Service comprise two distinct categories:

- **Customer Services** - which focus on the day to day activities provided to Client's customers.
- **Client Services** - which relate to the services that TSL undertakes in their direct interaction with, or specifically for, Client.

The services are provided during business hours as outlined in Appendix 1.

Customer Services

- **Primary Servicing**

The Primary Servicing team will undertake the day to day administration of existing customer accounts in accordance with relevant regulatory requirements.

- **Special Servicing**

The Special Servicing Team will manage all arrears cases. Arrears will be collected with a consistent approach, although the process will vary dependent upon the number of days the payment is late and the co-operation of the customer. A combination of telephone contact and written correspondence including SMS text messaging will be used to try and establish contact with borrowers in order to discuss their circumstances and work towards achieving a satisfactory outcome.

- **Complaints Handling**

The Complaints team will record, investigate and resolve complaints in accordance with the TSL Complaints policy and appropriate regulatory requirements.

Client Services

- **Compliance**

The role of the TSL Compliance Team is to

- assess and evidence compliance with the appropriate regulatory requirements
- oversee regulatory training of its staff and monitor its processes to ensure procedures are sufficient and appropriate.

In addition, it will notify Client of any regulatory changes that may affect the portfolio.

- **Management Information**

TSL will provide a monthly Service Review report detailing performance against Service Levels (SLAs) for the contracted services.

- **Financial Servicing**

TSL's Financial Services Department will manage the correct daily flow of cash to Client and will exercise financial control over that cash and over portfolios under management.

Governance

TSL will adopt an appropriate governance structure to ensure that a mechanism is in place to review performance against contractual obligations.

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Service Classes

The Service Classes to be provided by Target Servicing Limited to Client are:

Customer Services

1. Primary Servicing
2. Special Servicing
3. Complaints Management

Client Services

4. Compliance
5. Management Information
6. Financial Servicing

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1. Primary Servicing

The Primary Servicing Team will undertake the day to day administration of existing accounts in accordance with relevant regulatory requirements and provide the following services:

- 1.1 Account Amendments and Updates
- 2.2 Interest Rate Amendments
- 2.3 Payments (excluding Concessionary)
- 2.4 Settlements
- 2.5 Query Management

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Service Class:	1 Primary Servicing			
Service Item:	2.1 Account amendments and updates			
Description:	Managing customer account amendment requests, updating the system and sending confirmations if required			
Volume & Frequency:	Forecast volume: per annum/month/week		Frequency: Ad hoc	
Service Item Activities:	<p>Target will manage the following :</p> <ul style="list-style-type: none"> • Changes of: Customer Name, Address, Contact Details (Telephone and Email), Bank Account Details, Third Party details, • Changes of Customer Status: e.g. Deceased, Vulnerable, Gone Away Mail Preferences, • Approvals: Consent to Let, Deed of Postponement, , Subsequent Charge Request, Transfer of Charge, Transfer of Equity, Solar Panel Consent, Permanent Home Improvements, Sale of land or property (part / full) • Notifications: Surrender, Proof of Home Occupancy, Letter of Authority / Power of Attorney, Voluntary Sale • Financial processes: Further Advance Requests, Unpaid Ground Rent, Change of Repayment Type, Loan Cancellations, Refunds, Application and Removal of Fees • Variations of Title • Provision of annual statements • Charge validation of title 			
Critical Dependencies:	Client approvals mandates Service dependencies – Settlements			
Input:	From	What	When/frequency	How
	Customer / Third Party	Notification	Ad hoc	Telephone, email or letter
	System	Annual statement trigger	Daily	System notification
Output:	To	What	When/frequency	How
	Customer / Third Party	Acknowledgement letter where required	Acknowledgement issued within agreed timeline	Letter by post
	All account holders	Annual statement	As defined (within regulatory timescales)	Letter by post

	Customer record	Account update	Within agreed timeline	Data entry
Governing policies etc.:	Regulatory policies, Target policies and Primary Servicing policy			
Service Measures:	Refer to <i>Appendix 3 - Service Standards</i> for listing of SLAs			
Client Responsibilities:	Provision of approvals mandates Provision of Client specific policies (if appropriate) and fee structures			

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Service Class:	2 Primary Servicing			
Service Item:	2.2 Interest Rate Amendments			
Description:	Changes to the customers' accounts as a result of amendments to the Client's product			
Volume & Frequency:	Forecast volume: per annum/month/week		Frequency: Ad hoc	
Service Item Activities:	<p>Target will :</p> <ul style="list-style-type: none"> • Make interest rate changes and update relevant customer accounts • Send confirmation to customer (notice of variation) <p><i>Note: this service will be managed through the Change Control process and will be chargeable according to the scale and complexity of the change</i></p>			
Critical Dependencies:	Client approvals mandates and timescales for notification			
Input:	From	What	When/frequency	How
	Client – authorised persons	Client instruction for rate change	Ad hoc	email to Target authorised persons
Output:	To	What	When/frequency	How
	Customer	Notice of variation in line with regulatory requirements	Issued as soon as practicable following rate change and in any event not later than 14 days before the first affected payment	Letter
	Customer account	Rate change and Contractual Monthly Instalment (CMI)	Based on client instruction	Data entry
Governing policies etc.:	Regulatory policies, Target policies, Primary Servicing policy and BACS processing rules			
Service Measures:	To be agreed as part of the Change Control process			
Client Responsibilities:	<p>Provision of</p> <ul style="list-style-type: none"> • a list of approved named individuals for rate change instructions • amended product guides and/or product terms and conditions • approvals mandates 			

Service Class:	2 Primary Servicing			
Service Item:	2.3 Payments (excluding concessionary)			
Description:	Managing contractual payment schedules and administering changes to customers contractual payment schedule			
Volume & Frequency:	Forecast volume: per annum/month/week		Frequency: Ad hoc	
Service Item Activities:	Target will: <ul style="list-style-type: none"> • Collect payments via direct debits, card payments, cheques and bank transfers • Post direct debits, card transactions, cheques and bank transfers to customer account • Administer changes of: payment method (e.g. direct debit), payment date and payment type • Initiate customer refunds • Process overpayments in line with Terms & Conditions • Complete appropriate Source of Funds checks • Submit monthly customer data file to credit bureau • Administer changes of payment term and payment amount 			
Critical Dependencies:	Provision of approvals mandates Provision of Product Terms and Conditions			
Input:	From	What	When/frequency	How
	Customer / Third Party	Request	Ad hoc	Telephone, email or letter
Output:	To	What	When/frequency	How
	Customer / Third Party	Confirmation	Ad hoc	Letter
	Customer account	Account update	Ad hoc	Data entry
	Customer	Refund	Ad Hoc	BACS
Governing policies etc.:	Regulatory policies, Target policies, Primary Servicing policy, PCIDSS and BACS Processing Rules			
Service Measures:	Refer to <i>Appendix 3 - Service Standards</i> for listing of SLAs			
Client Responsibilities:	Provision of approvals mandates; Provision of Product Terms and Conditions			

Service Class:	2 Primary Servicing			
Service Item:	2.4 Settlements			
Description:	Part or full settlement of the liability or the security			
Volume & Frequency:	Forecast volume: per annum/month/week		Frequency: Ad hoc	
Service Item Activities:	Target will manage the: <ul style="list-style-type: none"> • Production of redemption quotations • Process the payment for the sale of land or property (partial / full) • Account settlement- full / partial • Part release of security • Discharge of security • Maturity and account closure 			
Critical Dependencies:	Client approvals mandates, Product Terms and Conditions, fee structure			
Input:	From	What	When/frequency	How
	Customer / Third Party	Request Receipt of funds Final payment	Ad hoc	Telephone, email, letter, receipt of funds
Output:	To	What	When/frequency	How
	Customer / Third Party	Confirmation	Ad hoc	Letter
	Customer account	Account update	Ad hoc	Data entry
	Land Registry	DS1 / DS3 / END1	Ad hoc	Letter / electronic notification
Governing policies etc.:	Regulatory policies, Target policies, Primary Servicing policy and PCIDSS			
Service Measures:	Refer to <i>Appendix 3 - Service Standards</i> for listing of SLAs			
Client Responsibilities:	Provision of approvals mandates, Product Terms and Conditions, fee structure			

Service Class:	2 Primary Servicing			
Service Item:	2.5 Query Management			
Description:	Customer and Third Party queries, via agreed channels, that do not require updates to the customer account data			
Volume & Frequency:	Forecast volume: per annum/month/week		Frequency: Ad hoc	
Service Item Activities:	Target will: <ul style="list-style-type: none"> Respond to Information requests: Benefits claim, legal aid, other reference requests/forms, building insurance confirmation, certificate of interest, data subject access request, ad hoc statements, statement of account, PPI queries, Deeds Management, Manage queries: disputes (valuation related), negative equity, account enquiries, product enquiries, grants, second charges, charging order notification 			
Critical Dependencies:	Terms & Conditions, Client approvals mandates, third party support			
Input:	From	What	When/frequency	How
	Customer / Third Party	Request / proforma	Ad hoc	Telephone, email or letter
Output:	To	What	When/frequency	How
	Customer / Third Party	Verbal and/or written confirmation	Ad hoc	Telephone, letter
Governing policies etc.:	Regulatory policies, Target policies, Primary Servicing policy and PCIDSS			
Service Measures:	Refer to <i>Appendix 3 - Service Standards</i> for listing of SLAs			
Client Responsibilities:	To provide product Terms & Conditions and approvals mandates			

2. Special Servicing

The Special Servicing Team will undertake the day to day administration of accounts in arrears in accordance with relevant regulatory requirements and provide the services detailed below. TSL's interaction with Client's customers is governed by a clearly defined mandate of authority.

- 2.1 Contact Management
- 2.2 Account Rehabilitation
- 2.3 Collections
- 2.4 Forbearance / Repayment
- 2.5 Recoveries
- 2.6 Litigation
- 2.7 Asset Management
- 2.8 Third Party Management

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Service Class:	3 Special Servicing			
Service Item:	3.1 Contact Management			
Description:	Maintaining contact with customers in arrears in line with the agreed strategy(ies) using the agreed channels set out in Appendix 2 – Contact Channels			
Volume & Frequency:	Forecast volume: per annum/month/week		Frequency: Ad hoc	
Service Item Activities:	<p>Target will (within mandate):</p> <ul style="list-style-type: none"> • Share the Target Contact Strategy with the Client and provide clarity to the approach, which will include: <ul style="list-style-type: none"> ○ Advising when accounts will progress from up to date status to account rehabilitation, from account rehabilitation to collections, from collections to recoveries and vice versa where applicable ○ Determining and documenting the best method and frequency of customer contact to gain engagement 			
Critical Dependencies:	Agreed contact strategy			
Input:	From	What	When/frequency	How
	System	List of accounts in Arrears	Daily	Automatic system generated task
Output:	To	What	When/frequency	How
	Customer	Contact using account data	As per Contact Strategy	As per agreed Contact Channels
Governing policies etc.:	Regulatory policies, Target policies, Target Arrears Management policy and Target Contact Strategy			
Service Measures:	Refer to <i>Appendix 3 - Service Standards</i> for listing of SLAs			
Client Responsibilities:	Accept Target Contact Strategy			

Service Class:	3. Special Servicing			
Service Item:	3.2 Account Rehabilitation			
Description:	Taking early intervention to return an account to a performing status			
Volume & Frequency:	Forecast volume: per annum/month/week		Frequency: Ad hoc	
Service Item Activities:	Target will (within mandate): <ul style="list-style-type: none"> • Attempt to contact customers early in arrears cycle to establish reason for non-payment • Establish the customers' ability and intent to pay and, if funds available, collect payment • Follow the agreed contact strategy • Issue regulated correspondence and inform the customer of the appropriate fees that will / have been charged • Move the account to up to date status or progress to Collections 			
Critical Dependencies:	Agreed contact strategy Service dependencies – Payments, Settlements, Account Amendments Approved Bank Account and Merchant IDs, approvals mandates, Fee structure			
Input:	From	What	When/frequency	How
	System	List of accounts in Arrears	Daily	Automatic system generated task
	Customer	Notification of financial impairment	Ad hoc	As per agreed Contact Channels
Output:	To	What	When/frequency	How
	Customer	Regulatory notifications	As per regulatory requirements	Letters, statements
	Customer	Contact using account contact data	As per Contact Strategy	As per agreed Contact Channels
	Client	Payment	Ad hoc	Agreed payment methods
Governing policies etc.:	Regulatory policies, Target policies, Target Arrears Management policy, Target Contact Strategy			
Service Measures:	Refer to <i>Appendix 3 - Service Standards</i> for listing of SLAs			

Client Responsibilities:

Provision of approved Bank Account and Merchant IDs, Approvals Mandates, Fee structure
Accept Target Contact Strategy

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Service Class:	3. Special Servicing			
Service Item:	3.3 Collections			
Description:	The taking of payments and/or agreeing concessions to achieve a sustainable repayment plan			
Volume & Frequency:	Forecast volume: per annum/month/week		Frequency: Ad hoc	
Service Item Activities:	<p>Target will (within mandate):</p> <ul style="list-style-type: none"> • Attempt to contact the customer to establish the reason for non-payment • Establish the customers' ability to pay: <ul style="list-style-type: none"> ○ If funds available collect payment ○ If required use forbearance and repayment service ○ Engage Third Party Home Visit service to collect information where required • Follow the agreed contact strategy • Issue regulated correspondence and inform the customer of the appropriate fees that will / have been charged • Determine if the account should move to up to date status or progress to Recoveries 			
Critical Dependencies:	<p>Agreed contact strategy</p> <p>Service dependencies – Payments, Settlements, Forbearance / Repayment, Third Party Management, Account Amendments</p> <p>Approved bank account and merchant IDs, Client Approvals Mandates, Fee structure</p>			
Input:	From	What	When/frequency	How
	System	List of accounts in arrears	Daily	Automatic system generated task
	Customer	Financial impairment	Ad hoc	As per agreed Contact Channels
Output:	To	What	When/frequency	How
	Customer	Regulatory notifications	As per regulatory requirements	Letters, statements
	Customer	Contact using account data	As per contact strategy	As per agreed Contact Channels
	Client	Payment	Ad hoc	Agreed payment methods

Governing policies etc.:	Regulatory policies, Target policies, Target Arrears Management policy, Target Contact Strategy
Service Measures:	Refer to <i>Appendix 3 - Service Standards</i> for listing of SLAs
Client Responsibilities:	Provision of approved bank account and merchant IDs, Approvals Mandates, Fee structure Accept Target Contact Strategy

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Service Class:	3. Special Servicing			
Service Item:	3.4 Forbearance / Repayment			
Description:	Arranging an affordable and sustainable repayment plan			
Volume & Frequency:	Forecast volume: per annum/month/week		Frequency: Ad hoc	
Service Item Activities:	<p>Target will (within mandate):</p> <ul style="list-style-type: none"> • Manage a process to evaluate the customer's ability to repay (I&E) via phone, letter or Third Party home visits • Gain customer's commitment to pay, directly through promise to pay or via an authorised Third Party (e.g. DWP) • Assess options to: <ul style="list-style-type: none"> ○ establish an affordable repayment plan to agree concessionary, short term, long term or forbearance arrangements ○ finalise payment, e.g. full settlement and release from specific liability, short settlement and release from specific liability and part settlement with ongoing specific liability ○ "write off" if client has approved • Determine failure to pay / broken promises • Action changes to product including reduction, deferment or suspension of interest where appropriate • Allocate and issue regulated correspondence to the customer 			
Critical Dependencies:	Client Approvals Mandates Service dependencies: Payments, Settlements, Account Amendments, Recoveries, Third Party Management			
Input:	From	What	When/frequency	How
	Customer	Non payment	Ad hoc	As per agreed Contact Channels
Output:	To	What	When/frequency	How
	Customer / Third Party	Arrangement confirmation letter where required	Ad hoc	Letter by post
	Customer record	Account update	Ad hoc	Data entry
Governing policies etc.:	Regulatory policies, Target policies, Target Arrears Management policy, Target Contact Strategy			

Service Measures:	Refer to <i>Appendix 3 - Service Standards</i> for listing of SLAs
Client Responsibilities:	Provision of Client specific policies, Approvals Mandates and Fee structure

COPY

Service Class:	3 Special Servicing			
Service Item:	3.5 Recoveries			
Description:	To optimise recovery of a crystallised balance to minimise potential loss			
Volume & Frequency:	Forecast volume: per annum/month/week		Frequency: Ad hoc	
Service Item Activities:	<p>Target will (within mandate):</p> <ul style="list-style-type: none"> • Manage the relationship as a debtor/creditor (triggered through non-payment/default, insolvency, etc.) looking to optimise the provision loss position • Attempt to contact the customer to agree final forbearance arrangement • Devise an action plan to recover outstanding balance via voluntary sale, voluntary surrender, litigation, LPA receivers • Pay approved Third Parties and settle the debt as per agreed mandates • Issue regulated correspondence and inform the customer of the appropriate fees that will / have been charged • Default registration / charge off • Agree "Write off" with client if unrecoverable • Close / return the account 			
Critical Dependencies:	<p>Client Approvals Mandates, Charge Off and Write Off Policy, fee structure</p> <p>Service dependencies: Account Amendments, Litigation, Asset Management, Third Party Management</p>			
Input:	From	What	When/frequency	How
	Collections	Debtor / Creditor decisions	Ad hoc	Workflow
	Customer / Third Party	Status change	Ad hoc	As per agreed Contact Channels
Output:	To	What	When/frequency	How
	Customer	Account closure	Ad hoc	Letter
	Client	Payment	Receipt of funds	Funds transfer
Governing policies etc.:	Regulatory policies, Target policies, Target Arrears Management policy, Target Contact Strategy			

Service Measures:	Refer to <i>Appendix 3 - Service Standards</i> for listing of SLAs
Client Responsibilities:	Provision of Approvals Mandates and Fee structure

COPY

Service Class:	3 Special Servicing			
Service Item:	3.6 Litigation			
Description:	Commencement of a legal process against the asset or the individual			
Volume & Frequency:	Forecast volume: per annum/month/week		Frequency: Ad hoc	
Service Item Activities:	Target will (within mandate): <ul style="list-style-type: none"> • Invoke the litigation process to enforce and realise the security via approved solicitors • Engage with solicitors to invoke proceedings against the debtor to secure and enforce judgment 			
Critical Dependencies:	Client Approvals Mandates Service Dependencies - Asset Management, Third Party Management			
Input:	From	What	When/frequency	How
	Recoveries	Litigation decision	Ad Hoc	Work flow
Output:	To	What	When/frequency	How
	Debtor / Creditor	Judgment	Ad Hoc	Letter
	Debtor / Creditor	Possession Order	Ad hoc	Letter
Governing policies etc.:	Regulatory policies, Target policies, Target Arrears Management policy, Target Contact Strategy			
Service Measures:	Refer to <i>Appendix 3 - Service Standards</i> for listing of SLAs			
Client Responsibilities:	Provision of Approvals Mandates and Fee structure			

Service Class:	3 Special Servicing			
Service Item:	3.7 Asset Management			
Description:	Management and disposal of the asset			
Volume & Frequency:	Forecast volume: per annum/month/week		Frequency: Ad hoc	
Service Item Activities:	<p>Target will, where appropriate and, within mandate:</p> <ul style="list-style-type: none"> • Enforce possession order • Appoint LPA Receiver • Secure / maintain the property • Insure the property following possession, where agreed with the client • Assess and manage any onerous obligations • Pay agreed bills (ground rent, fees) where required • Gain independent valuation(s) • Engage with selling agents to dispose of the asset for the agreed valuation (within mandate) • Manage allocation of funds via solicitor 			
Critical Dependencies:	Client Approvals Mandates, Third Party Management			
Input:	From	What	When/frequency	How
	Instruction from Litigation	Task	Ad hoc	Work flow
Output:	To	What	When/frequency	How
	Clients	Funds	Ad hoc	Account credited
Governing policies etc.:	Regulatory policies, Target policies, Target Arrears Management policy, Target Contact Strategy			
Service Measures:	Refer to <i>Appendix 3 - Service Standards</i> for listing of SLAs			
Client Responsibilities:	Provision of Approvals Mandates, Fee structures			
<p>Additional Requirements: OSB request for details of shortfall accounts to be referred to them on a monthly basis. OSB will then forward the details to Shoemiths who will then service these loans, engage with customer, collect payment. Shoemiths will then forward the payment to TSL to be applied to the customer account, reducing the balance outstanding. TSL to continue CRA reporting. All customer engagement will be with Shoemiths once the details are provided to them by OSB. CR007.</p>				

Service Class:	3 Special Servicing			
Service Item:	3.8 Third Party Management			
Description:	To provide access to Target's approved panel of Third Party Suppliers			
Volume & Frequency:	Forecast volume: per annum/month/week		Frequency: Ad hoc	
Service Item Activities:	<p>Target will (within mandate):</p> <ul style="list-style-type: none"> Engage the Third Party to provide services as per the agreed mandate Monitor the service to ensure it is provided to the required standard Formally review Third Party performance in accordance with the Target policy Process invoicing for Third Parties in accordance with the agreed pricing and mandate Provide the Third Party with the required information to transact their service Ensure the Third Party is following the required Target / client agreed policies 			
Critical Dependencies:	Client Approvals Mandates			
Input:	From	What	When/frequency	How
	Third Party	Service report	As agreed	Email, letter
Output:	To	What	When/frequency	How
	Client	Supplier performance summary	As agreed	Service review pack
Governing policies etc.:	Regulatory policies, Target policies, Target Arrears Management policy, Target Contact Strategy			
Service Measures:	Refer to <i>Appendix 3 - Service Standards</i> for listing of SLAs			
Client Responsibilities:	Provision of Approvals Mandates			

4. Complaints Management

The Complaints Team will undertake the day to day handling of complaints in accordance with relevant regulatory requirements and as detailed below:

4.1 Complaints Handling

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Service Class:	4 Complaints Management			
Service Item:	4.1 Complaints Handling			
Description:	The management of customer complaints from identification to resolution; in line with regulatory requirements			
Volume & Frequency:	Forecast volume: per annum/month/week		Frequency: Ad hoc	
	Target will manage complaints by: <ul style="list-style-type: none"> • Where appropriate, attempting to resolve customer complaints within non reportable timescales (Same Day Resolution - SDR) • Acknowledging reportable complaints promptly • Keeping the customer informed of the progress of their complaint by issuing a holding letter where necessary • Issuing a final response letter or Financial Ombudsman Rights within 8 weeks of receiving the complaint • Liaising with the Financial Ombudsman Service, where necessary, adhering to agreed timescales and requirements • Forward complaint cases to the relevant accountable entity as appropriate e.g. Brokers or Valuers • Escalate complaints to the Client, in line with agreed mandate • Where appropriate apply the level of redress, in line with the mandate • Undertaking root cause analysis of complaints • Producing the complaints MI reporting suite • Regulatory reporting to the FCA 			
Critical Dependencies:	Provision of Client or third party information relevant to resolution of complaint			
Input:	From	What	When/frequency	How
	Customer /Third Party	Expression of dissatisfaction/ complaint	Ad hoc	Telephone
	Customer /Third Party	Reportable complaint	Ad hoc	As per agreed Contact Channels
	Financial Ombudsman Service (FOS)	FOS complaint/reportable complaint	Ad hoc	Letter, email
Output:	To	What	When/frequency	How

	Customer / Third Party	Complaint resolution	End of next working day	Telephone
	Customer /Third Party	Acknowledgement / Final response / hold letter	Within regulatory timescales	Letter
	FOS	Written response	Within agreed timescales	Letter
Governing policies etc.:	Regulatory policies, Target policies, Complaints Handling Policy, Redress Policy			
Service Measures:	Refer to <i>Appendix 3 - Service Standards</i> for listing of SLAs			
Client Responsibilities:	Provision of Mandate To provide timely response and support with regard to information requests			

Additional Requirements: Complaint Summary data was provided as a one off in February by the Complaints team and OSB are now asking for costs to provide this information monthly.
Report to be provided by WD5 and sent to client. Automation of this would be preferable, alternatively can be sent to Service Delivery team in Chester who will forward onto client. Report to contain rolling 12 months data. Ref CR006.

5 Compliance

TSL will conduct the following services to assess and evidence compliance with the appropriate regulatory requirements:

5.1 Monitoring

5.2 Financial crime

In addition, TSL will notify Client of any regulatory changes that may affect the portfolio, will oversee regulatory training of its own employees and will monitor its own processes to ensure they are sufficient and appropriate.

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Service Class:	5 Compliance			
Service Item:	5.1 Monitoring			
Description:	The second line of defence to monitor specific operational activity to determine compliance with regulatory requirements and internal processes			
Volume & Frequency:	Volume: to be agreed		Frequency: as per Target monitoring plan	
Service Item Activities:	<p>Target will:</p> <ul style="list-style-type: none"> • Conduct reviews of 1st Line Quality Assurance (QA) activity as per Target monitoring plan to determine whether operational controls are effectively assessing adherence to relevant regulatory requirements • Conduct thematic reviews as per the TSL monitoring plan to determine whether all relevant regulatory requirements have been met • Manage the TSL Breach Management Framework, for all incidents/breaches/risk events that occur • Carry out root cause analysis of errors and follow up with recommendations of training/process improvement requirements • Provide standard management information detailing the results of the monitoring to Client on a monthly basis 			
Critical Dependencies:				
Input:	From	What	When/frequency	How
	System	Customer interaction record	Monthly	Call, file, letter
Output:	To	What	When/frequency	How
	Client	Standard report of monitoring results and feedback	Monthly	Electronic file
Governing policies etc.:	Regulatory policies, Target policies, Target service specific policies, Risk & Compliance policy			
Service Measures:	n/a			
Client Responsibilities:	Client policies			

Service Class:	5. Compliance			
Service Item:	5.2 Financial Crime			
Description:	The identification and monitoring of potential financial crime activity			
Volume & Frequency:	Forecast volume: per annum/month/week		Frequency: Ad hoc	
Service Item Activities:	Target will: <ul style="list-style-type: none"> • Investigate suspicious activity reports (SAR) and notify client if reportable • Investigate fraud allegation or suspicious activity on live accounts • Screen all live accounts on a six monthly basis against lists • Report suspicious activity to the client in a timely manner • Respond to Production Orders or Section 29 requests from the police/DWP or relevant authority • Screening of live accounts more frequently than 6 months • Politically Exposed Persons (PEP) screening 			
Critical Dependencies:				
Input:	From	What	When/frequency	How
	Customer/TSL employees	Notification of suspicious activity	Ad hoc	email
Output:	To	What	When/frequency	How
	Client	Standard report of monitoring results and feedback	Monthly	Electronic file
Governing policies etc.:	Regulatory policies, Target policies, Target service specific policies, Risk & Compliance policy			
Service Measures:	n/a			
Client Responsibilities:				

6. Management Information

The Business Information/Intelligence team will provide the following services:

6.1 Standard Reporting

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Service Class:	6 Management Information			
Service Item:	6.1 Standard Reporting			
Description:	Provision of a standard suite of Client reports, in a standard format			
Volume & Frequency:	Volume: one report suite		Frequency: monthly	
Service Item Activities:	Target will provide a standard suite of reports in a standard format for: <ul style="list-style-type: none"> • SLA measures for the contracted services • Complaints • Compliance monitoring, Financial Crime • Financial Servicing 			
Critical Dependencies:	Overnight processing of source systems			
Input:	From	What	When/frequency	How
	Data Warehouse	Standard Reports	Monthly	Electronic File
Output:	To	What	When/frequency	How
	Client	Monthly Service Review (MSR) Pack	Monthly	Encrypted File
Governing policies etc.:	Data Protection			
Service Measures:	Refer to <i>Appendix 3 - Service Standards</i> for listing of SLAs			
Client Responsibilities:				

7 Financial Servicing

The Financial Servicing Team will provide the following services:

6.1 Financial Reconciliation and Control

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Service Class:	7.Financial Servicing			
Service Item:	7.1 Financial Reconciliation and Control			
Description:	Management of the correct daily flow of cash to the Client and exercise of financial control over that cash			
Volume & Frequency:	Forecast volume: per annum/month/week (portfolio size)		Frequency: Daily	
Service Item Activities:	<p>Target will (within mandate): Manage scheduled payments by:</p> <ul style="list-style-type: none"> Reconciling the Client's bank account against system postings, taking into account customer payments via direct debit, cheques or debit card and other payment methods Calculation of portfolio servicing fees and reconciling of external recharge expenses from Target's approved panel of Third parties Managing release of customer overpayment refunds via direct credit Client refunds made from collections account 			
Critical Dependencies:	Access to Client bank account, clear definition of terms in the Charging Schedule of the contract, loan completion mandate			
Input:	From	What	When/frequency	How
	Customer /Third Party	Funds	Regular and Ad hoc	Cash, Debit Card, Direct Debit, Bank Transfer
	Client	Notification of loan completion	Approval of loan	Electronic file
Output:	To	What	When/frequency	How
	Client	Financial Reporting Pack	Monthly	Encrypted File
	Customer /Third Party	Funds	Regular and Ad hoc	Cash, Debit Card, Direct Debit, Bank Transfer
Governing policies etc.:	Regulatory policies, Target policies, Target service specific policies, Risk & Compliance policy, BACS Processing Rules, PCIDSS			
Service Measures:	Refer to <i>Appendix 3 - Service Standards</i> for listing of SLAs			
Client Responsibilities:	Approved Bank Account and Merchant IDs, Approvals Mandates, Fees, BACS access, provision of cheque books/paying in books (if required), bank authority access			

Governing Policies

The delivery of the service is underpinned by a range of documented policies and guidelines.

- **Regulatory policies:**

TSL is a regulated entity and therefore fully conversant with the UK regulatory environment. All activities will be undertaken in line with current regulatory requirements and TSL regulatory policies including:

- Financial Crime (incorporating Fraud, AML & Financial Crime)
- Anti-Bribery
- Data Protection
- Treating Customers Fairly (TCF)
- Vulnerable Customers
- Regulatory Documents
- Conflicts of Interest

- **Target policies:**

TSL conducts its activities in accordance with a range of policies mandated across the organisation which recognise the need to minimise reputational and regulatory risk whilst endeavouring to achieve fair outcomes for customers. These include:

- Risk & Compliance
- Business Continuity

- **Target service specific policies:**

Each of the service areas is governed by its own specific policy document, namely:

- Primary Servicing
- Arrears Management
- Complaints Handling
- Redress
- Third Party Management
- Commercial Lending – Primary Servicing & Arrears
- Broker Support
- Financial Servicing

- **Target Client Management policies:**
 - Escalation

- **Client specific policies:**
 - **To be agreed, but could include Fees, Forbearance, Products T &C's etc.**

At a more detailed level activities are managed by internal procedure manuals and processes that are owned and maintained by TSL.

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Appendices

Appendix 1 - Service/Operational Hours

The services will be provided during the following hours excluding all UK public holidays:

Service	Core Service Hours
Primary Servicing	Monday to Friday 09:00 to 17:30 hrs
Special Servicing	Monday to Thursday 08:00 to 20:00 hrs, Friday 08:00 to 18:00 hrs
Complaints	Monday to Friday 09:00 to 17:30 hrs
Compliance	Monday to Friday 09:00 to 17:30 hrs
Finance	Monday to Friday 09:00 to 17:30 hrs

Appendix 2 - Contact Channels

The standard channels used for each service are outlined below:

Service	Inbound contact				Outbound contact			
	Letter	Email	Telephone	Text	Letter	Email	Telephone	Text
Primary Servicing	√	√	√	x	√	x	√	x
Broker Support	√	√	√	x	√	x	√	x
Special Servicing	√	√	√	x	√	x	√	√
Complaints	√	√	√(1)	x	√	x	√	x
Compliance	x	x	x	x	√(2)	x	x	x

(1) - inbound calls only applicable when managing active or recently closed complaints

(2) – outbound contact with customer only takes place following investigation of fraud allegation

In addition we can deliver fax capabilities

Appendix 3 - Service Standards

Delivery of the services will be measured through the following Service Level Agreements (SLAs) and Key Performance Indicators (KPIs). These will be measured over each calendar month unless otherwise stated.

Any changes to the Service Standards will be managed through Change Control

Service Level Agreements (SLAs)

Service	Measure	Standard	Definition
Telephony (Portfolio level)	Call answering	80% of calls answered in 20 seconds	<ul style="list-style-type: none"> * 80% of all answered calls to be answered in 20 seconds (after standard IVR) * Excludes - calls diverted to answer phone and abandoned calls * Only applies during contracted working hours * Based on a minimum of 150 calls per month
	Abandon Rate of incoming calls	No greater than 5%	<ul style="list-style-type: none"> * No more than 5% of total inbound calls abandoned after 5 seconds * Only applies during contracted working hours * Based on a minimum of 150 calls per month
Primary Servicing	Account amendments - Changes to personal and payment details	System updated and confirmation of change issued within 5 working days	<ul style="list-style-type: none"> * Applies to written requests only - not requests by phone * Includes changes of name, address, contact details (telephone & email), bank account, payment details and Third Party details * The day an amendment request is received = Day 0 * Excludes first instance of failure
	Priority Account amendments - Changes to customer status	System updated and confirmation of change issued within 3 working days	<ul style="list-style-type: none"> * Applies to written requests only - not requests by phone * Includes Deceased and Gone Away Mail preferences * The day an amendment request is received = Day 0 * Excludes first instance of failure
	Settlement Quotations (full or partial)	Provided within 5 working days of receipt of request	<ul style="list-style-type: none"> * Applies to written requests only - not requests by phone * The day a settlement request is received = Day 0 * Excludes first instance of failure

Service	Measure	Standard	Definition
Special Servicing	Work Queue Management	95% of accounts appearing on work queues to be actioned within 4 working days	<ul style="list-style-type: none"> * Work queues = queues on Result * The day an account appears on Result = Day 0 * Actioned = a manual or automated action to remove from the Appian work queue
	Correspondence	95% of correspondence to be actioned within 5 working days	<ul style="list-style-type: none"> * Applies to written requests only - not requests by phone * Actioned = an action to remove from the Appian post queue e.g. updating the system or contacting the customer/third party

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Service	Measure	Standard	Definition
Complaints Management	Reportable Complaints Acknowledgements issued	Average response time 5 working days	<ul style="list-style-type: none"> * Sum of the days taken to respond to all reportable complaints/the number of reportable complaints * The day a complaint is received = Day 1 * Written acknowledgement
	Reportable Complaints Final responses issued (based on the complaints closed in the month)	<p>Final response, or Financial Ombudsman Rights, to be sent within 8 weeks of receipt</p> <p>Where applicable regulatory letters will be issued if the 56 day target is going to be exceeded</p>	<ul style="list-style-type: none"> * The day a complaint is received = Day 1 * Calculated on elapsed days, not working days
Management Information	Delivery of Standard Reporting suite: <ul style="list-style-type: none"> * SLA Performance * Complaints * Compliance * Financial Crime 	Provision of standard reports, in standard format by the 10th working day of the month	<ul style="list-style-type: none"> * Standard report = reports as listed in the Definition of Service * Standard format = no customisation or changes * Delivered as an attachment to an email by cob - 5.30 p.m. on the 10th working day of the month
Financial Servicing	Daily reconciliation of funds received	Completed on a daily basis	<ul style="list-style-type: none"> * Reconciliation of previous day's bank statement to loan ledger on a transactional basis. * Discrepancies investigated.
	Delivery of Financial Servicing standard reports - weekly	Provision of standard Arrears Balance report, in standard format by the 2nd working day of the week	<ul style="list-style-type: none"> * Standard report = reports as listed in the Definition of Service * Standard format = no customisation or changes * Delivered as FTP as set up by client, otherwise as an attachment to an email

Service	Measure	Standard	Definition
Financial Servicing	Delivery of Financial Servicing standard reports - monthly	Provision of standard reports, in standard format by the 5th working day of the month: * Monthly Portfolio Reconciliation Reports (MPRR) * Monthly Bank Reconciliation Report * Monthly Trial Balance Report	* Standard report = reports as listed in the Definition of Service * Standard format = no customisation or changes * Delivered as FTP as set up by client, otherwise as an attachment to an email
System Availability	Availability of production services	97% during standard service hours	* Availability of production services during standard hours of service: Monday to Friday – 08:00 to 20:00. * This excludes any planned downtime

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Appendix 4 - Standard Reports

The listed standard reports are provided in the standard format, within the timescales stated:

- **Monthly Service Review pack:**
 - Service Level Agreement (SLA) performance
 - Complaints Reporting
 - Arrears Insight Reporting
 - Compliance Monitoring
 - Financial Crime Reporting

- **Financial Reports:**
 - **Weekly – by 2nd working day of the week**
 - Arrears Balances Report

 - **Monthly – by 5th working day of the month**
 - Monthly Portfolio Reconciliation Reports (MPRR)
 - Monthly Bank Reconciliation Report
 - Monthly Trial Balance Report

The following reports can be provided, at additional cost:

- **Financial Reports**
 - Investor Reporting
 - Covenant Calculations
 - Regulatory Reporting e.g. MLAR, BOE and PSD

Appendix 5 – Agreed Mandates and Authority

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SIGNATORIES

Servicer

SIGNED for and on behalf of
TARGET SERVICING LIMITED
acting by its Director

)
)
)



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Master Servicer

SIGNED for and on behalf of
ONESAVINGS BANK PLC
acting by its Attorney

)
)
)



COPY

Legal Title Holder

SIGNED for and on behalf of
ROCHESTER MORTGAGES LIMITED
acting by its Director

)
)
)

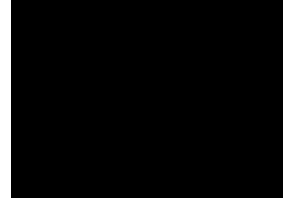


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Issuer

SIGNED for and on behalf of
ROCHESTER FINANCING NO.3 PLC
per pro Intertrust Directors 1 Limited, as Director

)

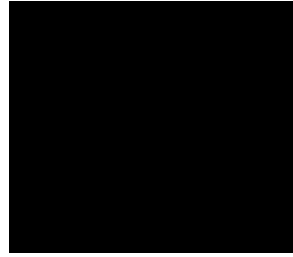


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Security Trustee

SIGNED for and on behalf of
U.S. BANK TRUSTEES LIMITED
acting by its authorised signatory

)
)
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