
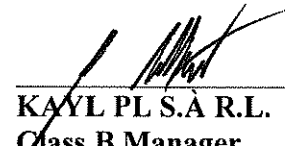


Signed for the purposes of identification by:



KAYL PL S.À R.L.
Class A Manager
Andrew Homer



KAYL PL S.À R.L.
Class B Manager
John Sutherland

RESIDENTIAL MORTGAGE SECURITIES 31 PLC

DATED 29 NOVEMBER 2018

RESIDENTIAL MORTGAGE SECURITIES 31 PLC

MASTER DEFINITIONS SCHEDULE

PAUL
HASTINGS

Paul Hastings (Europe) LLP
Ten Bishops Square, Eighth Floor
London, E1 6EG

Tel: +44 20 3023 5100
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Signed for the purposes of identification by:

KAYL PL S.À R.L.
Class A Manager



RESIDENTIAL MORTGAGE SECURITIES 31 PLC

KAYL PL S.À R.L.
Class B Manager
For and on behalf of
Link Trust Corporate Limited
(Director)

DATED 29 NOVEMBER 2018

RESIDENTIAL MORTGAGE SECURITIES 31 PLC

MASTER DEFINITIONS SCHEDULE

PAUL
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EXECUTION VERSION

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1. DEFINITIONS

"**£**", "**sterling**" and "**pounds**" are references to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland;

"**€**", "**EUR**" or "**Euro**" are references to the lawful currency of the member states of the European Union participating in Economic and Monetary Union as contemplated by the Treaty;

"**1970 Act**" means the Conveyancing and Feudal Reform (Scotland) Act 1970;

"**1999 Regulations**" means the Unfair Terms in Consumer Contracts Regulations 1999 as amended;

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

"**2010 PD Amending Directive**" means Directive 2010/73/EU;

"**A&L**" means Alliance & Leicester;

"**A&L Loans**" means the Loans originated by A&L;

"**A Global Note**" means the Global Note representing the A Notes, which will be substantially in the form set out in Schedule 1 (Form of Global Note) to the Trust Deed and which is intended to be held in a manner which would allow Eurosystem eligibility;

"**A Noteholders**" means the persons who are for the time being holders of the A Notes;

"**A Notes**" means the £240,410,000 Class A mortgage backed floating rate notes due September 2065 and, unless expressly stated to the contrary, all references to an "**A Note**" shall be a reference to such A Note whether in global or definitive form;

"**A Principal Deficiency**" means a deficiency of principal amounts to make payment on the A Notes;

"**A Principal Deficiency Ledger**" means the sub ledger of such name created for the purpose of recording the A Principal Deficiency and maintained by the Cash/Bond Administrator as a sub ledger of the Principal Deficiency Ledger;

"**Accession Undertaking**" means an undertaking made by a new Secured Creditor substantially in the form set out in schedule 1 (*Form of Accession Undertaking*) to the Deed of Charge;

"**Account Bank**" means Citibank, N.A., London Branch (or such other replacement bank or financial institution as may be appointed from time to time in accordance with the Transaction Documents) in its capacity as provider of the Transaction Account;

"**Accounting Services Fee**" means the accounting services fee in respect of the Issuer and the Parent payable to the Mortgage Administrator under the Mortgage Administration Agreement;

"**Accrued Interest**" means any accrued interest on the Loans accruing prior to the Issue Date;

"**Administration Agreements**" means each of the Mortgage Administration Agreement and the Cash/Bond Administration Agreement or any of them as the context may require, and "**Administration Agreement**" shall be construed accordingly;

"**Administrators**" means each of the Mortgage Administrator, the Cash/Bond Administrator and the Legal Title-Holder or any of them as the context may require and "**Administrator**" shall be construed accordingly;

"**Affiliate**" means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company;

"**Agent Bank**" means Citibank, N.A., London Branch or any successor thereto;

"**Agents**" means the Paying Agents, the Registrar, the Transfer Agent and the Agent Bank or any of them;

"**AIFMD**" means EU Directive 2011/61/EU on Alternative Investment Fund Managers;

"**AIFMD Level 2 Regulation**" or "**AIFMR**" means Commission Delegated Regulation (EU) No. 231/2013 relating to the AIFMD;

"**Alternative Benchmark Rate**" means an alternative benchmark rate to the Screen Rate or benchmark rate that then applies in respect of the Notes;

"**Amber**" means Amber Homeloans Limited;

"**Amber Lending Criteria**" means the lending criteria applied by Amber to the Amber Loans;

"**Amber Loans**" means the Loans originated by Amber;

"**Anti-Corruption Laws**" means all laws, rules and regulations from time to time, as amended, concerning or relating to bribery or corruption, including but not limited to the U.S. Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010 and all other applicable anti-bribery and corruption laws;

"**Appointee**" means any delegate, agent, nominee, custodian, attorney or manager appointed by the Trustee pursuant to the provisions of the Trust Deed or the Deed of Charge (as the case may be);

"**Arranger**" means Deutsche Bank AG, London Branch;

"**Arrears**" means in relation to a Loan, as at any given date, the aggregate amount of any of the sums which are due and payable but have not been paid by the relevant Borrower in accordance with the terms of that Loan as at that given date;

"Arrears Loan" means a Loan in which an amount of a payment by the related Borrower is in arrears;

"Asset Repurchase Trigger" means in relation to a Product Switch Loan on the Product Switch Effective Date:

- (a) its inclusion in the Mortgage Pool following the Product Switch will cause the then sum of the Principal Balance of all Product Switch Loans, as at their respective Product Switch Effective Dates, that have been retained within the Mortgage Pool since the Issue Date to exceed an amount equal to £10,000,000, provided that a Product Switch Loan shall only count towards this total if it is the first time since the Issue Date a Product Switch has been granted with respect to that Loan;
- (b) the term of that Product Switch Loan will increase or decrease as a result of the Product Switch;
- (c) the Principal Balance of that Product Switch Loan will increase or decrease as a result of the Product Switch;
- (d) it has been one or more months in arrears in the 12 months prior to the date the Product Switch is offered to the relevant Borrower;
- (e) the Product Switch Effective Date occurs after the Step-Up Date;
- (f) if that Product Switch Loan is to become a Fixed Rate Mortgage as a result of the Product Switch, the fixed rate of that Loan is less than the BBR plus 2 per cent. per annum; or
- (g) the weighted average reversionary interest rate of all Product Switch Loans in the Mortgage Pool will be less than or equal to the aggregate of 3.00 per cent. plus LIBOR, set quarterly in accordance with the terms and conditions of that Loan as certified to the Issuer by the Legal Title-Holder on or prior to the Product Switch Effective Date;

"Assigned Rights" means, in relation to a Loan, all right, title, interest, benefit and obligations of the Issuer in and to the relevant Loan and any Mortgage relating to such Loan and any Mortgage Rights or security, which were sold by Kayl as Seller pursuant to the Kayl/Issuer Mortgage Sale Agreement;

"Assignment of Guarantees" means any assignment of Guarantees to be executed in relation to the Mortgage Pool pursuant to the Kayl/Issuer Mortgage Sale Agreement;

"Assignment of Policies" means any assignment of the Insurance Contracts to be executed in relation to the Mortgage Pool pursuant to the Kayl/Issuer Mortgage Sale Agreement;

"Auditors" means Ernst & Young LLP, the auditors for the time being of the Issuer or, in the event of their being unable or unwilling to carry out any action requested of them pursuant to the provisions of the Trust Deed, such other firm of accountants as may be appointed by the Issuer with the prior approval of the Trustee;

"Authorised Denomination" means, in respect of each of the Notes, a minimum denomination of £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000;

"Authorised Institution" means an institution authorised to take deposits under the FSMA;

"Authorised Investments" means investments of the funds standing to the credit of the Transaction Account where:

- (a) the rate of interest earned on such investments is likely to exceed the rate of interest paid on the Transaction Account;
- (b) the investments have a maturity date of 60 days or less and mature on or before two Business Days prior to the Interest Payment Date immediately succeeding the date on which the investments are made; and
- (c) (1) the investments are Sterling denominated securities or other obligations of or rights against entities (other than in respect of any asset-backed securities, credit linked notes, swaps, other derivative instruments or synthetic securities) whose (i) longterm unsecured and unguaranteed debt is rated at least A-1 by S&P and whose long term unsecured, unguaranteed and unsubordinated debt obligations are rated at least "A" by DBRS and (ii) short-term unsecured and unguaranteed debt is rated at least A-1 by S&P and whose short term unsecured, unguaranteed and unsubordinated debt obligations are rated at least "R-1 (low)" by DBRS; or (2) in such other Sterling denominated securities, or other obligations (other than in respect of any asset-backed securities, credit linked notes, swaps, other derivative instruments or synthetic securities) as would not adversely affect the then current ratings of the Most Senior Class of Rated Notes provided that any monies invested in entities for a period of more than 31 days are invested in an entity with (i) a long term unsecured and unguaranteed debt is rated at least A-1 by S&P and whose long term unsecured, unguaranteed and unsubordinated debt obligations are rated at least "AA (low)" by DBRS; and (ii) whose short term unsecured and unguaranteed debt is rated at least A-1 by S&P and whose short term unsecured, unguaranteed and unsubordinated debt obligations are rated at least "R-1 (middle)" by DBRS; or (iii) the investments are in a money market fund which is rated at least AAAM by S&P and if such money market fund is rated by DBRS, a rating of at least AAA by DBRS;

"Authorised Signatory" means, in relation to a party, any director or any other party or any person legally entitled to sign on behalf of that party;

"Authorities" means the FCA and PRA together with HM Treasury and the Bank of England;

"Automated Valuation Loans" means the Loans listed in Appendix C of the Kayl/Issuer Mortgage Sale Agreement where automated valuations provided by a third party entity rather than RICS valuations was completed prior to the making of such Loan;

"Automatic Capitalisation" means, in respect of a Loan, the capitalisation of any amount of interest and/or principal and/or other sums due but unpaid in respect of such Loan where:

- (a) the relevant Borrower has not consented to such capitalisation; and
- (b) notwithstanding such capitalisation, the capitalised amount continues to be treated as immediately due and payable, which results in detriment to the relevant Borrower;

"Available Principal Funds" means an amount calculated by the Cash/Bond Administrator on a Determination Date, being the aggregate of the following amounts:

- (a) the Principal Collections received for the preceding Determination Period;
- (b) the proceeds of any Authorised Investments attributable to Principal Collections for the Determination Period immediately preceding the relevant Determination Date;
- (c) the amount (if any) calculated on that Determination Date pursuant to the Pre-Enforcement Revenue Priority of Payments to be the amount by which the debit balance on any of the Principal Deficiency Ledgers is expected to be reduced by the application of the Available Revenue Funds on the immediately succeeding Interest Payment Date; and
- (d) any Liquidity Reserve Fund Excess Amount;

but excluding for the avoidance of doubt any money that the Issuer is required to pay as a Relevant Amount pursuant to the Kayl/Issuer Mortgage Sale Agreement.

The amount of £229,242 which is the amount by which the total issuance of the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F1 Notes, the F2 Notes and F3 Notes exceeds the consideration payable by the Issuer in respect of the sale of the Loans and Collateral Security, will be made part of the Available Principal Funds on the first Interest Payment Date;

"Available Revenue Funds" means an amount calculated by the Cash/Bond Administrator on a Determination Date, being the aggregate of the following amounts:

- (a) interest earned pursuant to the Bank Agreement for the Determination Period immediately preceding the Determination Date;
- (b) the proceeds of any Authorised Investments attributable to Revenue Collections for the Determination Period immediately preceding the relevant Determination Date;
- (c) the Revenue Collections received for the Determination Period immediately preceding the relevant Determination Date;
- (d) any General Reserve Fund Excess Amount;

- (e) any amount standing to the credit of the General Reserve Fund Ledger if and to the extent required to make payment of certain amounts in the Pre-Enforcement Revenue Priority of Payments to the extent there will be a Shortfall on the immediately following Interest Payment Date after application of all other Available Revenue Funds (excluding paragraphs (f) and (g) below) in respect thereof;
- (f) for so long as there are any A Notes, any amount standing to the credit of the Liquidity Reserve Fund Ledger if and to the extent required to make payment of certain amounts in the Pre-Enforcement Revenue Priority of Payments to the extent there will be a Revenue Shortfall on the immediately following Interest Payment Date after application of all other Available Revenue Funds (including paragraph (e) above but excluding paragraph (g) below);
- (g) such amounts of Available Principal Funds on the relevant Determination Date if and to the extent required to make payment of certain amounts in the Pre-Enforcement Revenue Priority of Payments to the extent there will be a shortfall in respect of payment of the Senior Fees and the payment of interest on the A Notes to the F3 Notes (inclusive) provided that such Class of Notes is the then Most Senior Class and in each case on the immediately following Interest Payment Date after application of all other Available Revenue Funds (including paragraphs (e) and (f) above). Any such amount may only be used for payment of Senior Fees and interest on the A Notes to the F3 Notes (inclusive) provided that such Class of Notes is the then Most Senior Class and not any other amounts in the Pre-Enforcement Revenue Priority of Payments; and
- (h) the amount (if any) of Available Principal Funds calculated on that Determination Date which will be in excess of the amount necessary to redeem the F3 Notes in full pursuant to the Pre-Enforcement Principal Priority of Payments,

but excluding (i) on the second Interest Payment Date, any surplus amount standing to the credit of the Start-Up Costs Ledger (having provided for any Issuer Costs and Expenses which are due to be paid on or before such Interest Payment Date) as at the Determination Date falling immediately prior to the second Interest Payment Date which instead shall be payable by the Issuer directly to the X2 Noteholders in respect of principal on the X2 Notes in priority to the payments, transfers and provisions set out in the Pre-Enforcement Revenue Priority of Payments; and (ii) for the avoidance of doubt any money that the Issuer is required to pay as a Relevant Amount pursuant to the Kayl/Issuer Mortgage Sale Agreement;

"B Global Note" means the Global Note representing the B Notes, which will be substantially in the form set out in Schedule 1 (Form of Global Note) to the Trust Deed and which is intended to be held in a manner which would allow Eurosystem eligibility;

"B Noteholders" means the persons who are for the time being holders of the B Notes;

"**B Notes**" means the £ 11,900,000 Class B mortgage backed floating rate notes due September 2065 and, unless expressly stated to the contrary, all references to a "**B Note**" shall be a reference to such B Note whether in global or definitive form;

"**B Principal Deficiency**" means a deficiency of principal amounts to make payment on the B Notes;

"**B Principal Deficiency Ledger**" means the sub-ledger of such name created for the purpose of recording the Principal Deficiency on the B Notes and maintained by the Cash/Bond Administrator as a sub-ledger of the Principal Deficiency Ledger;

"**B Residual Amount**" has the meaning given to such term in Notes Condition 4(i) (Deferral of Interest);

"**Balance**" means in relation to any Loan, the sum of:

- (a) on any date, the current principal amount outstanding as at that date plus any other disbursement, legal expense, fee, charge or premium capitalised and added to the amounts secured by the relevant Mortgage in accordance with the conditions of the Loan on or prior to such date (including, for the avoidance of doubt, capitalised interest); and
- (b) together with (without double counting) any amounts whether being with respect to interest, fees, breakage costs and/or any amounts in arrears which as at the date of the assignment of such Loan to the Issuer was included in the calculation of the Balance of the relevant Loan for the purposes of calculating the purchase price to be paid by the Issuer for such Loan, less any repayments of such amounts;

"**Bank Agreement**" means the agreement so named dated on or about the Issue Date between, *inter alios*, the Issuer and the Account Bank;

"**Banking Act**" means the UK Banking Act 2009;

"**Basel Committee**" means the Basel Committee on Banking Supervision;

"**Basel III**" means the regulatory capital and liquidity framework approved in 2011;

"**BBR**" means the Bank of England base rate of interest;

"**BBR Mortgage**" means a Loan subject to the BBR;

"**Benchmark Modification Noteholder Notice**" means a notice by the Issuer to the Noteholders of each Class given in accordance with Notes Condition 11(f)(G) (Modification and Waiver in relation to the Screen Rate) and by publication on Bloomberg on the "Company News" screen relating to the Notes;

"**Benchmark Rate Disruption**" means the occurrence of any of the following:

- (a) a material disruption to LIBOR (as determined by the Cash/Bond Administrator or Mortgage Administrator acting reasonably), an adverse change in the methodology of calculating LIBOR (as determined by the

Cash/Bond Administrator or Mortgage Administrator acting reasonably), LIBOR ceasing to exist or be published or the administrator of LIBOR having used a fallback methodology for calculating LIBOR for a period of at least 30 calendar days;

- (b) the insolvency or cessation of business of the administrator of LIBOR (in circumstances where no successor administrator has been appointed);
- (c) a public statement by the LIBOR administrator that it will cease publishing LIBOR permanently or indefinitely (in circumstances where no successor LIBOR administrator has been appointed that will continue publication of LIBOR) in each case with effect from a date no later than 6 months after the proposed effective date of such Benchmark Rate Modification;
- (d) a public statement by the supervisor of the LIBOR administrator that LIBOR has been or will be permanently or indefinitely discontinued or there will be a material change to the methodology of calculating LIBOR with effect from a date no later than 6 months after the proposed effective date of such Benchmark Rate Modification;
- (e) a public statement by the supervisor of the LIBOR administrator that means LIBOR will be prohibited from being used or that its use is subject to restrictions or adverse consequences with effect from a date no later than 6 months after the proposed effective date of such Benchmark Rate Modification; or
- (f) a change in the generally accepted market practice in the publicly listed asset backed floating rate notes market to refer to a benchmark rate endorsed in a public statement by the Bank of England, the Financial Conduct Authority or the Prudential Regulation Authority or any relevant committee or other body established, sponsored or approved by any of the foregoing, including the Working Group on Sterling Risk-Free Reference Rates, despite the continued existence of LIBOR; or
- (g) it having become unlawful and/or impossible and/or impracticable for any Paying Agent, the Issuer or the Cash/Bond Administrator to calculate any payments due to be made to any Noteholder using LIBOR;
- (h) following the implementation of a Benchmark Rate Modification, it becomes generally accepted market practice in the publicly listed asset backed floating rate notes market to use a benchmark rate of interest which is different from the Alternative Benchmark Rate which had already been adopted by the Issuer in respect of the Notes pursuant to a Benchmark Rate Modification; or
- (i) it being the reasonable expectation of the Mortgage Administrator or the Cash/Bond Administrator that any of the events specified in sub-paragraphs (a) to (h) (inclusive) above will occur or exist within six months of the proposed effective date of such Benchmark Rate Modification;

"Benchmark Rate Eligibility Requirement" means the Alternative Benchmark Rate being any one of the following:

- (a) a benchmark rate published, endorsed, approved or recognised by the Bank of England, the Financial Conduct Authority or the Prudential Regulation Authority or any relevant committee or other body established, sponsored or approved by any of the foregoing, including the Working Group on Sterling Risk-Free Reference Rates (which, for the avoidance of doubt, may be an alternative benchmark rate together with a specified adjustment factor which may increase or decrease the relevant alternative benchmark rate);
- (b) the Sterling Over Night Index Average or the Broad Treasuries Repo Financing Rate (or any rate which is derived from, based upon or otherwise similar to either of the foregoing);
- (c) a reference rate utilised in 5 publicly-listed new issues of Sterling denominated asset backed floating rate notes prior to the effective date of such Benchmark Rate Modification; or
- (d) a reference rate utilised in a publicly-listed new issue of Sterling denominated asset backed floating rate notes where the originator of the relevant assets is the Originator or an Affiliate of the Originator; or
- (e) such other reference rate as the Mortgage Administrator or the Cash/Bond Administrator reasonably determines, provided that this option may only be used if the Issuer (or the Mortgage Administrator and/or Cash/Bond Administrator on behalf of the Issuer) certifies to the Trustee that, in its reasonable opinion, none of sub-paragraph (a) to (d) above (inclusive) are applicable and/or practicable in the context of this transaction, and sets out the rationale in the Benchmark Rate Modification Certificate for choosing the proposed Alternative Benchmark Rate;

"Benchmark Rate Modification" has the meaning given to that term in Notes Condition 11(f) (Modification and Waiver in relation to the Screen Rate);

"Benchmark Rate Modification Certificate" has the meaning given to that term in Notes Condition 11(f) (Modification and Waiver in relation to the Screen Rate);

"Benchmark Rate Modification Record Date" means five Business Days from and excluding the date of publication of the Benchmark Modification Noteholder Notice;

"Bid" has the meaning given to it in the Deed of Charge;

"BO" means a bankruptcy order (or its Scottish or Northern Irish equivalent);

"Book-Entry Interests" means the beneficial interests in the Global Notes recorded by Euroclear and Clearstream, Luxembourg;

"Borrower" means, in relation to each Loan, the borrower or borrowers specified in such Loan;

"Breach of Warranty Payment Amount" means an amount equal to the Repurchase Price with respect to a Loan (other than paragraph (d) of the definition of Repurchase Price);

"Breach of Warranty Repurchase Event" has the meaning given to it in the Kayl/Issuer Mortgage Sale Agreement;

"BRRD Order" means the Bank Recovery and Resolution Order 2014;

"Business Day" means a day on which commercial banks and foreign exchange markets settle payments in London and Dublin;

"Buy-to-Let Loan" means a Loan which is intended for a Borrower who wishes to use the Loan as a means to purchase a residential property for the purpose of letting to third parties;

"C Global Note" means the Global Note representing the C Notes, which will be substantially in the form set out in Schedule 1 (Form of Global Note) to the Trust Deed and which is intended to be held in a manner which would allow Eurosystem eligibility;

"C Noteholders" means the persons who are for the time being holders of the C Notes;

"C Notes" means the £13,480,000 Class C mortgage backed floating rate notes due September 2065 and, unless expressly stated to the contrary, all references to a **"C Note"** shall be a reference to such C Note whether in global or definitive form;

"C Principal Deficiency" means a deficiency of principal amounts to make payment on the C Notes;

"C Principal Deficiency Ledger" means the sub-ledger of such name created for the purpose of recording the C Principal Deficiency, and maintained by the Cash/Bond Administrator as a sub-ledger of the Principal Deficiency Ledger;

"C Residual Amount" has the meaning given to such term in Notes Condition 4(i) (Deferral of Interest);

"Call Option Date" means any Interest Payment Date falling in or after September 2021 in respect of an optional redemption of the Notes exercisable by the Issuer in whole (but not in part) with, inter alia, the proceeds of a sale of the Charged Property pursuant to the Deed Poll;

"Capital Requirements Directive" or **"CRD"** means EU Directive 2006/48/EC (as amended);

"Cash/Bond Administration Agreement" means the agreement so named dated on or about the Issue Date between, inter alios, the Issuer and the Cash/Bond Administrator;

"Cash/Bond Administration Fee" means the cash/bond administration fee payable to the Cash/Bond Administrator pursuant to the Cash/Bond Administration Agreement;

"Cash/Bond Administrator" means KMC or any successor thereto;

"CCA" means the Consumer Credit Act 1974, as amended;

"**CCA Loans**" means the Loans regulated by the CCA;

"**CCJ**" means a county court judgment (or its Scottish equivalent);

"**Central Bank**" means the Central Bank of Ireland;

"**Central Land Charges Registry**" means the land charges department of the Land Registry;

"**Certificate Payment Amount**" means the amount payable by the Issuer to the Certificateholders in accordance with the applicable Priority of Payments;

"**Certificateholders**" means the persons who for the time being are the holders of the Certificates;

"**Certificates Conditions**" means the terms and conditions applicable to the Certificates as set out in Schedule 6 (Terms and Conditions of the Certificates) to the Trust Deed as may from time to time be modified in accordance with the Trust Deed;

"**Certificates**" means the 1,000 residual certificates issued or due to be issued by the Issuer on the Issue Date, or, as the case may be, a specific number thereof;

"**Certificates Basic Terms Modification**" means any modification to:

- (a) the maturity date of the Certificate and Notes or the dates on which interest is payable on the Notes;
- (b) the date of payment of principal, interest or any other amount in respect of any Class of Notes, or, where applicable, of the method of calculating the date of payment of principal, interest or any other amount in respect of any Class of Notes, or of the method of calculating the date of payment in respect of the Certificates, except in accordance with Notes Condition 11(f) (Modification and Waiver in relation to Screen Rate);
- (c) the amount of principal, the rate of interest or any other amount payable in respect of any Class of Notes or Certificates or the priority of payment of such amount, or where applicable, of the method of calculating the amount payable of any principal, interest or any other amount payable in respect of any Class of Notes or of the method of calculating the amounts payable in respect of the Certificates, except in accordance with Notes Condition 11(f) (Modification and Waiver in relation to Screen Rate);
- (d) the modification or addition of any other amount payable ranking ahead of or pari passu with any Class of Notes or Certificates, including any fees payable by the Issuer to any third party (save as permitted under the terms of the Transaction Documents);
- (e) the priority of residual payments on the Certificates;
- (f) the currency of payment of the Certificates;
- (g) the definition of Notes Basic Terms Modification;

- (h) the definition of Event of Default;
- (i) the definition of Certificates Basic Terms Modification;
- (j) the provisions concerning the quorum required at any meeting of Certificateholders or the majority required to effect a Certificates Basic Terms Modification or to pass an Extraordinary Resolution;
- (k) the definition of the Call Option Date;
- (l) any changes to the terms of the Deed Poll or any provisions concerning the exercise of the optional call thereunder, including Notes Condition 5(d) (Optional Redemption in Full);
- (m) the provisions concerning limited recourse and non-petition in relation to the Issuer including Certificates Condition 7 (Enforcement of Security, Limited Recourse and Non-Petition);
- (n) the Certificates Condition 3(i) (Covenants of the Issuer); or
- (o) any waiver of any proposal or actual breach of any of the covenants (including any Event of Default or Potential Event of Default) or provisions contained in or arising pursuant to the Notes Conditions, Certificates Conditions or any Transaction Documents by any party thereto which would have the effect of any of the foregoing,

but, no modification relating to the Senior Servicing Fee Cap shall be a Certificates Basic Terms Modification;

"Certificates Extraordinary Resolution" means:

- (a) a resolution passed at a duly convened meeting of the Certificateholders and held in accordance with the provisions of the Trust Deed by a majority consisting of not less than 75 per cent. of the persons voting thereat upon a show of hands, or if a poll is demanded, by a majority consisting of not less than 75 per cent. of the votes cast on such poll; or
- (b) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. of the Certificates, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such holders;

"Certificates Ordinary Resolution" means:

- (a) a resolution passed at a duly convened meeting of the Certificateholders and held in accordance with the provisions of the Trust Deed by a majority consisting of not less than 50.1 per cent. of the persons voting thereat upon a show of hands, or if a poll is demanded, by a majority consisting of not less than 50.1 per cent. of the votes cast on such poll; or
- (b) a resolution in writing signed by or on behalf of the holders of not less than 50.1 per cent. of the Certificates, which resolution may be contained in one

document or in several documents in like form each signed by or on behalf of one or more of such holders;

"Change" means:

- (a) a change or modification to the Services or the way they are delivered or the addition of new services to the Services; or
- (b) an amendment to the Mortgage Administration Agreement or any document attached to it or referred to in the Mortgage Administration Agreement, the Service Specification and/or the Legal Title-Holder's Policies; or
- (c) a modification, enhancement, replacement or other alteration to the System, computer equipment and/or software operated by the Legal Title-Holder or on its behalf including for the purpose of submitting to the Mortgage Administrator, or as the case may be, receiving from the Mortgage Administrator, any data including the Legal Title-Holder's Business Data; or
- (d) a change in the manner in which the Legal Title-Holder's obligations are performed or supported, including a change to the Legal Title-Holder's Systems, tools, Intellectual Property, operational procedures, operating, legal or regulatory environment, processes, policies, reporting requirements, infrastructure, staffing or resource requirements;
- (e) a change in the product specifications of the Loans; or
- (f) a change in applicable law and/or as requested by a Regulatory Authority;

"Change Control Mechanism" means the process for agreeing operational charges as set out in Schedule 2 (Change Control Mechanism) of the Mortgage Administration Agreement;

"Charge" means the legal or equitable charges and security (if any) granted (whether by way of assignment, assignation or deposit) by the Borrowers in respect of Life Policies, by way of collateral security for the payment of the monies secured by the Mortgages;

"Charged Obligation Documents" means the documents set out at Notes Condition 2(b)(iii) (Security);

"Charged Obligors" means all parties to the Charged Obligation Documents (other than the Issuer) having obligations whether present, future, actual or contingent to the Issuer, pursuant to any such documents;

"Charged Property" means the property, assets, rights and undertakings for the time being comprised in or subject to the security contained in or granted pursuant to the Deed of Charge and references to the Charged Property shall include references to any part of it;

"Class" shall be a reference to a class of the Notes being the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F1 Notes, the F2 Notes, the F3 Notes, the X1

Notes, the X2 Notes and the Z Notes and shall be a reference to the Certificates and "classes" shall be construed accordingly;

"Clearing System" means Euroclear, Clearstream, Luxembourg or any alternative clearing system approved by the Trustee;

"Clearing System Business Day" means a day on which each clearing system for which the Notes are being held is open for business;

"Clearing Systems" means Euroclear, Clearstream, Luxembourg or any alternative clearing system approved by the Trustee;;

"Clearing System Business Day" means a day on which each Clearing System for which the Notes are being held is open for business;

"Clearstream, Luxembourg" means Clearstream Banking, Société anonyme;

"CMA" means the Competition and Markets Authority;

"Co-Ownership Loan" means a loan advanced to a Borrower by the relevant Originator in accordance with the Co-Ownership Scheme in circumstances where the Originator was an approved lending institution within the meaning of the Housing (Northern Ireland) Order 1992;

"Co-Ownership Scheme" means the co-ownership scheme which operates in Northern Ireland and which enables Borrowers to purchase a share in a property which is owned by NICHAL;

"Co-Ownership Scheme Borrower" means eligible persons able to purchase a share in a property through the Co-Ownership Scheme;

"Code" means the U.S. Internal Revenue Code of 1986, as amended;

"Collateral Security" means the Mortgages and any other collateral security relating to the Loans including, but not limited to, any rights under the Insurance Contracts;

"Collection Account Agreement" means each of the Main Collection Accounts Agreement, the KMC F Collection Account Agreement and the KMC R Collection Account Agreement as applicable, and a **"Collection Account Agreement"** means any of them;

"Collection Accounts" means the Main Collection Accounts, the KMC F Collection Account and the KMC R Collection Account, as applicable, and a **"Collection Account"** means any of them;

"Collection Accounts Provider" means Barclays Bank PLC (or such other replacement bank or financial institution as may be appointed from time to time in accordance with the Transaction Documents) in its capacity as provider of the Collection Accounts;

"Collection Accounts Provider Downgrade Event" means where the Collection Accounts Provider fails to maintain the Collection Accounts Rating Agency Required Ratings;

"Collection Accounts Rating Agency Required Ratings" means the required ratings of the Collection Accounts Provider as set out in the section entitled "*Triggers Tables*" in the Prospectus;

"Common Notes" means the Global Certificate will be deposited with, and registered in the name of, a nominee of a common depository;

"Common Safekeeper" means the Clearing Systems or such other entity which the Issuer may elect from time to time to perform the safekeeping roles (See "Summary of Provisions Relating to the Notes While in Global Form" in the Prospectus);

"Common Service Provider" or **"CSP"** means the common service provider for Euroclear and Clearstream, Luxembourg appointed in respect of the Notes;

"Completion Mortgage Pool" means the Loans selected in accordance with clause 4 (Period to Completion) of the Kayl/Issuer Mortgage Sale Agreement and to be sold and assigned to the Issuer pursuant to the Kayl/Issuer Mortgage Sale Agreement on the Issue Date, as set out in Annexure A of the Kayl/Issuer Mortgage Sale Agreement;

"CONC" means the Consumer Credit sourcebook;

"Conditions" means both the Notes Conditions and the Certificates Conditions;

"Consumer Credit Directive" means the second Directive on consumer credit adopted by the European Parliament and the Council;

"COR" means a DBRS long-term critical obligations rating;

"Corporate Services Agreement" means the agreement so named and dated on or around the Issue Date between, inter alios, the Issuer and the Corporate Services Provider;

"Corporate Services Provider" means Link Trust Corporate Limited, a company incorporated in England and Wales with registered number 05322525 and having its registered office at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU;

"Counter Notice" means a notice signed by the Issuer and sent by the Cash/Bond Administrator to the Mortgage Pool Option Holder specifying the Mortgage Pool Purchase Price;

"CPR" means the constant per annum rate of prepayment;

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

"CRA3" means the provisions of Regulation (EC) 1060/2009 on credit rating agencies as amended by Regulation 462/2013 (EU);

"**CRA Regulation**" means Regulation (EC) 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies;

"**CRD**" means the Capital Requirements Directive;

"**CRD IV**" means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 and Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013;

"**CRR**" means Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms;

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

"**Current Balance**" means, in relation to a Loan as at any given date, the Principal Balance plus the aggregate sum of any amounts which are due and payable but have not been paid by the relevant Borrower in accordance with the terms of the relevant Loan including, without limitation, any Arrears;

"**Cut-Off Date**" means 31 July 2018;

"**Cut-Off Mortgage Loan Data Tape**" means the loan data tape containing information in respect of the Loans as at the Cut-Off Date;

"**D Global Note**" means the Global Note representing the D Notes, which will be substantially in the form set out in Schedule 1 (Form of Global Note) to the Trust Deed and which is intended to be held in a manner which would allow Eurosystem eligibility;

"**D Noteholders**" means the persons who are for the time being holders of the D Notes;

"**D Notes**" means the £12,690,000 Class D mortgage backed floating rate notes due September 2065 and, unless expressly stated to the contrary, all references to a "**D Note**" shall be a reference to such D Note whether in global or definitive form;

"**D Principal Deficiency**" means a deficiency of principal amounts to make payment on the D Notes;

"**D Principal Deficiency Ledger**" means the sub-ledger of such name created for the purpose of recording the D Principal Deficiency and maintained by the Cash/Bond Administrator as a sub-ledger of the Principal Deficiency Ledger;

"**D Residual Amount**" has the meaning given to such term in Notes Condition 4(i) (Deferral of Interest);

"**Day Count Fraction**" means, in respect of an Interest Period, the actual number of days in such period divided by 365;

"**DBRS**" means DBRS Ratings Limited;

"DBRS Equivalent Chart" means:

<u>DBRS</u>	<u>S&P</u>	<u>Fitch</u>	<u>Moody's</u>
AAA	AAA	AAA	Aaa
AA(high)	AA+	AA+	Aa1
AA	AA	AA	Aa2
AA(low)	AA-	AA-	Aa3
A(high)	A+	A+	A1
A	A	A	A2
A(low)	A-	A-	A3
BBB(high)	BBB+	BBB+	Baa1
BBB	BBB	BBB	Baa2
BBB(low)	BBB-	BBB-	Baa3
BB(high)	BB+	BB+	Ba1
BB	BB	BB	Ba2
BB(low)	BB-	BB-	Ba3
B(high)	B+	B+	B1
B	B	B	B2
B (low)	B-	B-	B3
CCC(high)	CCC+		Caa1
CCC	CCC	CCC	Caa2
CCC(low)	CCC-		Caa3
CC	CC		Ca
C	C		
D	D	D	D

"DBRS Equivalent Rating" means:

- (a) if a Fitch public rating, a Moody's public rating and an S&P public rating in respect of the senior unsecured debt of a certain entity (each, a "**Public Long**

Term Rating") are all available at such date, the corresponding DBRS rating as shown in the DBRS Equivalent Chart of such Public Long Term Rating remaining after disregarding the highest and lowest of such Public Long Term Ratings from such rating agencies (provided that if a Public Long Term Rating is under credit watch negative, or any equivalent, then, for the purpose of determining the DBRS Equivalent Rating, such Public Long Term Rating will be deemed to be one notch below its current notch). For this purpose, if more than one Public Long Term Rating has the same highest or same lowest DBRS rating as shown in the DBRS Equivalent Chart, then in each case only one of such Public Long Term Ratings shall be so disregarded in accordance with requirements of the previous sentence and the DBRS Equivalent Rating will be the remaining rating;

- (b) if the DBRS Equivalent Rating cannot be determined under (a) above, but Public Long Term Ratings of a certain entity by any two of Fitch, Moody's and S&P are available at such date, the corresponding DBRS rating as shown in the DBRS Equivalent Chart of the lower of such Public Long Term Rating (provided that if a Public Long Term Rating is under credit watch negative, or any equivalent, then, for the purpose of determining the DBRS Equivalent Rating, such Public Long Term Rating will be deemed to be one notch below its current notch); and
- (c) if the DBRS Equivalent Rating cannot be determined under (a) and (b) above, but a Public Long Term Rating by any one of Fitch, Moody's and S&P is available at such date, then the DBRS rating as shown in the DBRS Equivalent Chart will be such Public Long Term Rating (provided that if a Public Long Term Rating is under credit watch negative, or any equivalent, then, for the purpose of determining the DBRS Equivalent Rating, such Public Long Term Rating will be deemed to be one notch below its current notch),

provided that, if at any time the DBRS Equivalent Rating cannot be determined under subparagraphs (a) to (c) above, then the relevant entity will be deemed to have a DBRS rating of "C" at such time;

"Deed of Charge" means the deed of charge so named dated on or about the Issue Date between, inter alios, the Issuer and the Trustee;

"Deed of Variation" means a variation to the Loan Conditions implemented by lenders in the residential mortgage market;

"Deed Poll" means the mortgage pool option deed and deed poll dated on or about the Issue Date, executed by the Issuer, in favour of the Mortgage Pool Option Holder from time to time;

"Definitive Certificate" means any individual certificate issued to a Certificateholder in respect of its holding of the Certificates in, or substantially in, the form set out in the Trust Deed;

"Definitive Note" means any individual note certificate issued to a Noteholder in respect of its holding of the Notes in, or substantially in, the form set out in the Trust Deed;

"Determination Date" means the date which falls two Business Days prior to an Interest Payment Date or, if such day is not a Business Day, the immediately preceding Business Day;

"Determination Period" means the period ending on the last day of the calendar month immediately preceding the calendar month in which a Determination Date falls and starting on the first day of the calendar month in which the immediately preceding Determination Date falls, save in respect of the first Determination Period which shall start on the Issue Date, other than for the purposes of calculating the Servicing Fee, the Legal Title-Holder Fee, the Senior Servicing Fee Cap, the Revenue Collections, the Principal Collections, the Available Revenue Funds and the Available Principal Funds where the first Determination Period shall start on 1 November 2018;

"Direct Debiting Scheme" means the scheme for the manual and automated debiting of bank accounts opened in accordance with the detailed rules of certain members of the Association for Payments Clearing Services;

"Directive" means the EU's Bank Recovery and Resolution Directive (2014/59/EU);

"Distribution Compliance Period" has the meaning given to such term in the section entitled "*Purchase and Sale*" of the Prospectus;

"DPT" means the Diverted Profits Tax;

"DTIR" means debt-to-income ratio;

"E Global Note" means the Global Note representing the E Notes, which will be substantially in the form set out in Schedule 1 (Form of Global Note) to the Trust Deed and which is intended to be held in a manner which would allow Eurosystem eligibility;

"E Notes" means the £16,660,000 Class E mortgage backed floating rate notes due September 2065 and, unless expressly stated to the contrary, all references to an "E Note" shall be a reference to such E Note whether in global or definitive form;

"E Noteholders" means the persons who are for the time being holders of the E Notes;

"E Principal Deficiency" means a deficiency of principal amounts to make payment on the E Notes;

"E Principal Deficiency Ledger" means the sub-ledger of such name created for the purpose of recording the E Principal Deficiency and maintained by the Cash/Bond Administrator as a sub-ledger of the Principal Deficiency Ledger;

"E Residual Amount" has the meaning given to such term in Notes Condition 4(i) (Deferral of Interest);

"Economic Sanctions Law" means any economic or financial sanctions administered, enacted or enforced by the United States of America, the United Nations, the United Kingdom, the European Union or any member state thereof or the governments and official institutions or agencies of any of the foregoing, including

but not limited to OFAC, the US Department of State and Her Majesty's Treasury. Notwithstanding the foregoing, Economic Sanctions Law shall not include any economic or financial sanctions administered by the Russian Federation or any authority of the Russian Federation;

"**EEA**" means the European Economic Area;

"**ECB**" means the European Central Bank;

"**Enforcement Liabilities**" means the entirety of amounts owed by a Borrower under a Loan;

"**Enforcement Notice**" means a notice given by the Trustee to the Issuer under Notes Condition 9 (Events of Default) of the Notes;

"**Enforcement Procedures**" means the exercise of the rights and remedies against a Borrower, or in relation to the security for the Borrower's obligations arising from any default by the Borrower under or in connection with such Borrower's Loan or related security, in accordance with the procedures established by the Legal Title-Holder and adopted by the Mortgage Administrator, as varied from time to time in accordance with the procedures that could reasonably be expected of a Prudent Mortgage Lender as dictated by the Legal Title-Holder and "completion of the Enforcement Procedures" shall be deemed to have occurred in respect of a particular Loan and its related security when the Mortgage Administrator has been notified by the Legal Title-Holder that, having regard to the circumstances of the relevant Borrower and the then applicable Enforcement Procedures, the prospect of any further recovery of amounts due by that Borrower is remote or such further recovery is uneconomic;

"**Enforcement Proceeds**" means the proceeds arising from any enforcement proceedings upon a Borrower's default, including any sale proceeds;

"**English First Mortgage**" means the first ranking legal mortgage or charge of English Property which is security for a First Loan;

"**English Loan**" are Loans secured over Properties located in England or Wales;

"**English Mortgage**" means an English First Mortgage and an English Second Mortgage;

"**English Property**" means, in relation to a Loan, the freehold or long leasehold residential property situated in England or Wales upon which the obligations of the Borrower are secured;

"**English Second Mortgage**" means the second ranking legal mortgage or charge of English Property which is security for a Second Loan;

"**ESMA**" means the European Securities and Markets Authority;

"**EU Insolvency Regulation**" means Council Regulation (EC) No 1346/2000 of 29 May 2000;

"EU Retention Requirement" means the requirement for Kayl Holdco to retain, on an on-going basis as an originator within the meaning of the CRR, a material net economic interest of at least 5 per cent. in the securitisation, in accordance with Article 405(1)(d) of the CRR and Article 51(1)(d) of the AIFMD Level 2 Regulation (EU) 2015/35 and Article 254(2)(d) of the Solvency II Delegated Act;

"Euro", "euro" or "€" means the lawful currency of member states of the European Union that adopt the single currency introduced in accordance with the Treaty;

"Euroclear" means Euroclear Bank SA/NV or its successor;

"Euronext Dublin" means The Irish Stock Exchange plc, trading as Euronext Dublin;

"Eurosystem" means the European System of Central Banks as the term is used by the Governing Council of the European Central Bank;

"Eurozone" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union and the Treaty of Amsterdam;

"Event of Default" has the meaning given to it in Notes Condition 9 (Events of Default) or, as applicable, Certificates Condition 6 (Events of Default);

"Exception Loans" means a Loan listed in Appendix E (Exception Loans) to the Kayl/Issuer Mortgage Sale Agreement where no physical or scanned loan file exists for such Loan;

"Excess Spread" means any Available Revenue Funds in excess of: (i) senior costs; (ii) interest due on and remedying any Principal Deficiency on the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F1 Notes, the F2 Notes and the F3 Notes; and (iii) certain amounts credited to the General Reserve Fund;

"Exchange Event" has the meaning given in the Trust Deed;

"Exercise Notice" means a notice delivered by the Mortgage Pool Option Holder to the Issuer (with a copy to the Trustee, the Mortgage Administrator and the Cash/Bond Administrator) that it intends to exercise the Mortgage Pool Option at any time on or after the Step-Up Date and with details of the Mortgage Pool Purchase Completion Date;

"Extraordinary Resolution" means:

- (a) a resolution passed at a duly convened meeting of the Noteholders or the Noteholders of such Class and held in accordance with the provisions of the Trust Deed by a majority consisting of not less than 75 per cent. of the persons voting thereat upon a show of hands, or if a poll is demanded, by a majority consisting of not less than 75 per cent. of the votes cast on such poll; or
- (b) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes, which resolution may be contained in one document or in several

documents in like form each signed by or on behalf of one or more of such holders,

and (in the circumstances set out in Notes Condition 11 (Meetings of Noteholders; Modifications; Consents; Waiver) an Extraordinary Resolution (other than in respect of a Notes Basic Terms Modification) will pass unless 10 per cent. or more in aggregate Principal Amount Outstanding of the Notes of such Class have informed the Trustee in the prescribed manner of their objection to such Extraordinary Resolution within 40 days after the date on which a notice containing the text of such Extraordinary Resolution which acts as an invitation to Noteholders of such Class to object to the same and details the manner in which such objections should be made has been given to such class in accordance with the provisions of Notes Condition 13 (Notice to Noteholders) by the Issuer, the Trustee or the Cash/Bond Administrator, and for so long as the Notes are listed on Euronext Dublin, by making it available to any Regulatory Information Service maintained by Euronext Dublin;

"F1 Global Note" means the Global Note representing the F1 Notes, which will be substantially in the form set out in Schedule 1 (Form of Global Note) to the Trust Deed and which is intended to be held in a manner which would allow Eurosystem eligibility;

"F1 Noteholders" means the persons who are for the time being holders of the F1 Notes;

"F1 Notes" means the £8,720,000 Class F1 mortgage backed floating rate notes due September 2065 and, unless expressly stated to the contrary, all references to **"F1 Note"** shall be a reference to such F1 Note whether in global or definitive form;

"F1 Principal Deficiency Ledger" means the sub-ledger of such name created for the purpose of recording the Principal Deficiency on the F1 Notes and maintained by the Cash/Bond Administrator as a sub-ledger of the Principal Deficiency Ledger;

"F1 Residual Amount" has the meaning given to such term in Notes Condition 4(i) (Deferral of Interest);

"F2 Global Note" means the Global Note representing the F2 Notes, which will be substantially in the form set out in Schedule 1 (Form of Global Note) to the Trust Deed and which is intended to be held in a manner which would allow Eurosystem eligibility;

"F2 Noteholders" means the persons who are for the time being holders of the F2 Notes;

"F2 Notes" means the £9,520,000 Class F2 mortgage backed floating rate notes due September 2065 and, unless expressly stated to the contrary, all references to **"F2 Note"** shall be a reference to such F2 Note whether in global or definitive form;

"F2 Principal Deficiency Ledger" means the sub-ledger of such name created for the purpose of recording the Principal Deficiency on the F2 Notes and maintained by the Cash/Bond Administrator as a sub-ledger of the Principal Deficiency Ledger;

"F2 Residual Amount" has the meaning given to such term in Notes Condition 4(i) (Deferral of Interest);

"F3 Global Note" means the Global Note representing the F3 Notes, which will be substantially in the form set out in Schedule 1 (Form of Global Note) to the Trust Deed and which is intended to be held in a manner which would allow Eurosystem eligibility;

"F3 Noteholders" means the persons who are for the time being holders of the F3 Notes;

"F3 Notes" means the £3,990,000 Class F3 mortgage backed zero coupon notes due September 2065 and, unless expressly stated to the contrary, all references to **"F3 Note"** shall be a reference to such F3 Note whether in global or definitive form;

"F3 Principal Deficiency Ledger" means the sub-ledger of such name created for the purpose of recording the Principal Deficiency on the F3 Notes and maintained by the Cash/Bond Administrator as a sub-ledger of the Principal Deficiency Ledger;

"Failure to Insure Policy" means a failure to insure policy (used where the Borrower has allowed his or her buildings insurance policy to lapse whether or not the Legal Title-Holder is aware of that lapse);

"FATCA" means:

- (a) sections 1471 to 1474 of the Code, any intergovernmental agreement between the US and any other jurisdictions entered into in respect thereof, and any associated regulations and other official guidance;
- (b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law, intergovernmental agreement or regulation referred to in paragraph (a) above; or
- (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the U.S. Internal Revenue Service, the U.S. Government or any governmental or taxation authority in any other jurisdiction;

"FATCA Withholding" means a deduction or withholding from a payment required by FATCA;

"FCA" means the Financial Conduct Authority or any successor authority or authorities fulfilling the regulatory role currently occupied by the Financial Conduct Authority;

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

"Final Maturity Date" means for all Notes and Certificates, the Interest Payment Date falling in September 2065;

"Final RTS" means Commission Delegated Regulation (EU) No. 625/2014 supplementing the CRR;

"First Loans" means Loans secured (in England, Wales and Northern Ireland) by a first ranking mortgage or charge or (in Scotland) by a first ranking standard security on the relevant Property;

"First Mortgages" means the English First Mortgages, the Scottish First Mortgages and the Northern Irish First Mortgages;

"Fitch" means Fitch Ratings Limited;

"Fixed Rate Mortgage" means a Loan (including a Product Switch Loan) in relation to which the Borrower is obliged to pay a fixed rate of interest for a limited period and thereafter pays a rate of interest equal to the rate which would be payable under a LIBOR Mortgage;

"Floating Rate of Interest" means the rate of interest as determined by the Agent Bank in accordance with Notes Condition 4(c) (Rate of Interest);

"Floating Rate Notes" means the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F1 Notes, the F2 Notes, the X1 Notes and the X2 Notes;

"foreign passthru payments" has the meaning given to such term in the section entitled "*U.S. Foreign Account Tax Compliance*" in the Prospectus;

"FSA" means the Financial Services Authority or any successor authority or authorities fulfilling the regulatory role currently occupied by the FSA (which term, when used in relation to a date on or after 1 April 2013, shall be deemed to refer to the FCA and/or PRA (as applicable));

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

"FTT" means the proposed financial transactions tax and "Commission's proposal" in relation thereto means the draft Directive for such financial transactions tax;

"General Reserve Fund" means the amount reserved from time to time in the Transaction Account by depositing the General Reserve Fund Required Amount into the Transaction Account and crediting the General Reserve Fund Ledger in accordance with the Cash/Bond Administration Agreement;

"General Reserve Fund Excess Amounts" means any amount standing to the credit of the General Reserve Fund Ledger in excess of the General Reserve Fund Required Amount and which will be released as Available Revenue Funds;

"General Reserve Fund Ledger" means the ledger of such name created and maintained by the Cash/Bond Administrator in the Transaction Account;

"General Reserve Fund Required Amount" means:

- (a) subject to (b) below, on the Issue Date and on any Interest Payment Date, 3 per cent. in each case of the Principal Amount Outstanding of the aggregate of the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F1 Notes, the F2 Notes and the F3 Notes as at the Issue Date, being £9,530,000; and
- (b) following redemption in full of the A Notes to F3 Notes (inclusive), zero;

"**GIIN**" means a Global Intermediary Identification Number;

"**Global Certificates**" means each of the certificates which represent the Certificates or some of them substantially in the form set out in Schedule 3 (Form of Global Certificate) of the Trust Deed and Global Certificate means one of them;

"**Global Notes**" means the A Global Note, the B Global Note, the C Global Note, the D Global Note, the E Global Note, the F1 Global Note, the F2 Global Note, the F3 Global Note, the X1 Global Note, the X2 Global Note and the Z Global Note and Global Note means one of them;

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

"**HMRC**" means Her Majesty's Revenue and Customs;

"**Holding Company**" means, in relation to a company or a corporation, any other company or corporation in respect of which it is a Subsidiary;

"**IAS**" means International Accounting Standards;

"**ICOB**" means the Insurance Conduct of Business Source book set out in the FCA Handbook;

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

"**IGA**" means intergovernmental agreements to facilitate the implementation of FATCA;

"**Independent Director**" means a duly appointed member of the board of directors of the Issuer who should not have been, at the time of such appointment, or at any time in the preceding five years, (i) a direct or indirect legal or beneficial owner in the Seller or any of its Affiliates (excluding *de minimis* ownership interests), (ii) a creditor, supplier, employee, officer, director, family member, manager, or contractor of the Seller or its Affiliates, or (iii) a person who controls (whether directly, indirectly, or otherwise) the Seller or its Affiliates or any creditor, supplier, employee, officer, director, manager, or contractor of the Seller or its Affiliates;

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

"**Initial Available Revenue**" means, on each Determination Date, the amount standing to the credit of the Revenue Ledger as at the end of the preceding Determination Period;

"Initial Principal Amount" means, in relation to each Note, the initial face principal amount of that Note upon issue of the relevant Global Note relating to that Note;

"Initiating Noteholder" has the meaning given to such term in Notes Condition 13(d) (Noteholder Notices);

"Insolvency Act" means the Insolvency Act 1986;

"Instalment" means the monthly instalment payable by a Borrower on his Loan including interest, repayment of principal, if any, and any other amounts payable by the relevant Borrower pursuant to the relevant Loan;

"Insurances" means the insurances effected and maintained by the Mortgage Administrator to provide adequate and effective cover, *inter alia*, for the Insured Risks;

"Insurance Commissions" has the meaning given to it in the Kayl/Issuer Mortgage Sale Agreement;

"Insurance Contracts" means the insurance contracts referred to in Schedule 6 (Insurance Contracts) of the Kayl/Issuer Mortgage Sale Agreement, including the right to receive the proceeds of any claims, in so far as they relate to the Loans and any other insurance contracts in replacement, addition or substitution therefor from time to time and which relate to the Loans;

"Insured Risks" means:

- (a) the cost of the reinstatement of the Property Deeds;
- (b) the costs of reinstatement of the Mortgage Administrator's own premises, equipment, records, documents, files, papers, accounts and computer software;
- (c) operating risks including but not limited to public liability, directors' and officers' liability, employees' fidelity and business interruption; and
- (d) professional negligence;

"Intellectual Property" means all copyrights, patents, design rights, service marks, trade marks and trading names and all other rights which may subsist in the Mortgage Administrator's products, processes, software information and business systems;

"interest" means "interest" as understood in United Kingdom tax law;

"Interest Amount" has the meaning given to such term in Notes Condition 4(d) (Determination of Floating Rates of Interest and Calculation of Interest Amount);

"Interest Determination Date" means, in the case of the first Interest Period, the Issue Date, and, for each subsequent Interest Period, the first day of an Interest Period;

"Interest Determination Ratio" means: (i) the aggregate Revenue Receipts calculated in the three preceding Monthly Reports (or such smaller number of

preceding Monthly Reports as may be available on the date the Interest Determination Ratio is calculated); divided by (ii) the aggregate of the Revenue Receipts and the Principal Receipts calculated in such Monthly Reports;

"Interest Only Loan" means a Loan under the terms of which the principal amount is not repayable before maturity and may require an endowment policy to be charged by way of Collateral Security or may require the deposit (but not by way of security) of a pension policy or may have no collateral as security other than the relevant Property;

"Interest Payment Date" means the 20th day in March, June, September and December in each year unless such day is not a Business Day, in which case interest shall be payable on the following Business Day;

"Interest Period" means the period from (and including) an Interest Payment Date to (but excluding) the next Interest Payment Date, provided that the first Interest Period shall be the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date;

"Interest Shortfall" means, on each Determination Date, the amount by which the Initial Available Revenue for the immediately following Interest Payment Date is insufficient to provide for payment of interest on the B Notes, the C Notes, the D Notes, the E Notes, the F1 Notes, the F2 Notes, the X1 Notes or the X2 Notes;

"IRS" means the U.S. Internal Revenue Service;

"ISE" or **"Irish Stock Exchange"** means the Irish Stock Exchange plc;

"Issue Date" means 29 November 2018;

"Issuer" means Residential Mortgage Securities 31 plc whose registered number is 11579375 and whose registered office is at 6th Floor, 65 Gresham Street, London EC2V 7HQ, United Kingdom;

"Issuer Costs and Expenses" means the costs and expenses of the Issuer in respect of the purchase of the Loans and the Issuance of the Notes;

"Issuer/ICSD Agreement" means the agreement so named dated on or before the date hereof between the Issuer and each of Euroclear and Clearstream, Luxembourg;

"Issuer Profit" means retained profit of the Issuer in an amount of £7,000 on each Interest Payment Date up to and including the Interest Payment Date falling in September 2019 and £1,500 on each Interest Payment Date falling thereafter for retention by the Issuer and to be recognised in the accounts of the Issuer as profit for the relevant accounting year and the payment of a distribution (if any) to Parent;

"Issuer Profit Ledger" means a ledger established in the Transaction Account used to record the retained revenue of the Issuer in accordance with the Cash/Bond Administration Agreement;

"Issuer Security Power of Attorney" means the power of attorney granted by the Issuer in favour of the Trustee and any Receiver pursuant to clause 14 of the Deed of Charge;

"IVA" means an Individual Voluntary Arrangement (or its Scottish or Northern Irish equivalent);

"**Joint Lead Managers**" means each of Deutsche Bank AG, London Branch and J.P. Morgan Securities plc;

"**Joint Lead Managers Related Person**" means any related entity, associate, officer or employee of the Joint Lead Managers;

"**Kayl**" means Kayl PL S.à r.l. (a direct wholly-owned subsidiary of Kayl Holdco);

"**Kayl Holdco**" means Kayl Holdco S.à r.l. (the parent company of the Seller);

"**Kayl Holdco Group**" means Kayl Holdco and its direct and indirect Subsidiaries;

"**Kayl/Issuer Mortgage Sale Agreement**" means the mortgage sale agreement dated on or about the Issue Date between the Issuer, the Trustee, the Legal Title-Holder and Kayl;

"**KMC**" means Kensington Mortgage Company Limited, a company registered in England and Wales with company number 3049877;

"**KMC F Collection Account**" means the collection account (into which cash or cheque payments from Borrowers in relation to the mortgage loans will be paid) in the name of Kensington Mortgage Company Limited held with the Collection Accounts Provider with sort code 20-19-90 and account number 53683419; or (x) such replacement account(s) as may be established from time to time so long as these accounts are subject to a declaration of trust in favour of the Issuer, the relevant account holding bank has the rating referred to in Clause 5 (Change of Bank or Cash/Bond Administrator) of the KMC F Collection Account Agreement and such account holding bank enters into an agreement on substantially the same terms as the KMC F Collection Account Agreement, or (y) such other replacement account(s) as may be established from time to time in accordance with the Transaction Documents;

"**KMC F Collection Account Agreement**" means the agreement named the "**F Collection Account Agreement**" dated 17 December 2015 between, inter alios, the Issuer and the Collection Accounts Provider;

"**KMC F Collection Account Accession Agreement**" means the accession agreement in respect of the KMC F Collection Account Agreement dated on or about the Issue Date between, inter alios, KMC, the Issuer and the Trustee;

"**KMC F Collection Account Declaration of Trust**" means the declaration of trust dated 17 December 2015 created in favour of the Issuer (amongst others) in respect of KMC's interest in the KMC F Collection Account to the extent that interest relates to the Loans in the Mortgage Pool;

"**KMC F Collection Account Supplemental Deed of Declaration of Trust**" means the deed dated on or about the Issue Date between KMC, the Issuer and the Trustee and which is supplemental to the KMC F Collection Account Declaration of Trust;

"KMC R Collection Account" means the collection account (into which credit or debit card payments from Borrowers in relation to the mortgage loans will be paid) means the account in the name of Kensington Mortgage Company Limited held with the Collection Accounts Provider with sort code 20-19-90 and account number 73193241; or (x) such replacement account(s) as may be established from time to time so long as these accounts are subject to a declaration of trust in favour of the Issuer, the relevant account holding bank has the rating referred to in clause 5 (Change of Bank or Cash/Bond Administrator) of the KMC R Collection Account Agreement and such account holding bank enters into an agreement on substantially the same terms as the KMC R Collection Account Agreement, or (y) such other replacement account(s) as may be established from time to time in accordance with the Transaction Documents;

"KMC R Collection Account Agreement" means the agreement named the **"R Collection Account Agreement"** dated 17 December 2015 between, inter alios, the Issuer and the Collection Accounts Provider;

"KMC R Collection Account Accession Agreement" means the accession agreement in respect of the KMC R Collection Account Agreement dated on or about the Issue Date between, inter alios, KMC, the Issuer and the Trustee;

"KMC R Collection Account Declaration of Trust" means each declaration of trust dated 17 December 2015 created in favour of the Issuer (amongst others) in respect of KMC's interest in the KMC R Collection Account to the extent that interest relates to the Loans in the Mortgage Pool;

"KMC R Collection Account Supplemental Deed of Declaration of Trust" means the deed dated on or about the Issue Date between KMC, the Issuer and the Trustee and which is supplemental to the KMC R Collection Account Declaration of Trust;

"Land Registry" means HM Land Registry;

"Ledgers" means the Revenue Ledger, the Principal Ledger, the General Reserve Fund Ledger, the Liquidity Reserve Fund Ledger, the Issuer Profit Ledger, and the Start-up Costs Ledger;

"Legacy Legal Title-Holder" means the legal title-holder to a Loan prior to the transfer of the legal title to that loan to KMC as Legal Title-Holder;

"Legal Title-Holder" means (a) KMC under the Mortgage Administration Agreement or (b) if KMC's appointment as legal title-holder is terminated under the Mortgage Administration Agreement, any other legal title-holder selected by the Legal Title-Holder Facilitator and appointed with the prior written consent of the Trustee and the Mortgage Administrator (and, if the proposed legal title-holder is the Seller, the prior written consent of the Issuer) and subject to (i) a Rating Agency Confirmation being provided to the Issuer and (ii) the proposed legal title-holder granting an irrevocable power of attorney in favour of the Issuer;

"Legal Title-Holder Duties" means the duties the Legal Title-Holder is required to perform pursuant to the Mortgage Administration Agreement;

"Legal Title-Holder Facilitator" means Link Trust Corporate Limited or any replacement or successor thereto appointed pursuant to the Mortgage Administration Agreement;

"Legal Title-Holder Fee" means the legal title-holder fee payable to the Legal Title-Holder in respect of its performance of the Legal Title-Holder duties in accordance with the Mortgage Administration Agreement in an amount equal to:

- (a) in respect of each Determination Period an amount (exclusive of VAT, if any) equal to 0.03 per cent. multiplied by the aggregate Current Balance of the Loans as at the first day of the applicable Determination Period multiplied by the number of days in such Determination Period divided by 365; and
- (b) any costs and expenses incurred by KMC in its capacity as Legal Title-Holder in accordance with the Mortgage Administration Agreement;

"Legal Title-Holder Policies" means the legal title-holder policies which the Mortgage Administrator will follow in the provision of the Services as amended from time to time;

"Legal Title-Holder Termination Event" means the occurrence of any of the following:

- (a) default by the Legal Title-Holder in the performance of its covenants and obligations under the Mortgage Administration Agreement and the Trustee considers such default to be materially prejudicial to the interests of the holders of the Most Senior Class;
- (b) certain insolvency events of the Legal Title-Holder; or
- (c) the service of an Enforcement Notice;

"Legal Title-Holder's Business" means the business carried on from time to time by the Legal Title-Holder in relation to the Loans, Mortgages, related security and the Borrowers;

"Legal Title-Holder's Business Data" means any data or information including the Borrower's data relating to or arising from the Legal Title-Holder's Business from time to time, whether or not confidential information or personal data, and necessary or reasonable to be transferred or made available to the Mortgage Administrator to enable the Mortgage Administrator to perform the Services and otherwise comply with the Mortgage Administration Agreement;

"Legal Title-Holder's System" means the System used by the Legal Title-Holder to support the Legal Title-Holder's Business;

"Lending Criteria" means the lending criteria as set out in Schedule 7 (Lending Criteria) of the Kay/Issuer Mortgage Sale Agreement, as may from time to time be applicable generally to the Loans and further advances made by the Legal Title-Holder;

"**Liability**" means any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges) and including any value added tax or similar tax charged or chargeable in respect thereof;

"**LIBOR**" means the London interbank offer rate as set out in Notes Condition 4 (Interest);

"**LIBOR Mortgage**" means a Loan under the terms of which interest is payable at a variable rate of interest which is set quarterly at three-month LIBOR plus a margin;

"**Life Policies**" means any policy of life insurance, endowment policy and/or term assurance over which a Borrower has granted (whether by way of assignment or deposit) a (legal or equitable) charge (if any) by way of collateral security for the payment of moneys secured by the relevant Mortgage;

"**LIO**" means a lenders' interest only insurance policy (which the Legal Title-Holder and the beneficial owner of the relevant Loan has the benefit of);

"**Liquidity Reserve Fund**" means the amount reserved from time to time in the Transaction Account by depositing amounts into the Transaction Account and crediting the Liquidity Reserve Fund Ledger in accordance with the Cash/Bond Administration Agreement;

"**Liquidity Reserve Fund Excess Amounts**" means any amount standing to the credit of the Liquidity Reserve Fund Ledger in excess of the Liquidity Reserve Fund Required Amount on any Interest Payment Date and which will be applied as and form part of Available Principal Funds;

"**Liquidity Reserve Fund Ledger**" means the ledger of such name created and maintained by the Cash/Bond Administrator in the Transaction Account;

"**Liquidity Reserve Fund Required Amount**" means:

- (a) on the Issue Date, the Liquidity Reserve Fund Required Amount will be zero; and following the redemption of Class A Notes will be zero; and
- (b) on any Interest Payment Date, on which the amount standing to the credit of the General Reserve Fund as at such Interest Payment Date (after application of the Available Revenue Funds) is less than 1.5 per cent. of the aggregate Principal Amount Outstanding of the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F1 Notes, the F2 Notes and the F3 Notes on such Interest Payment Date before the application of the Pre-Enforcement Principal Priority of Payments (the "**Liquidity Reserve Fund Trigger Event**"), the Liquidity Reserve Fund Required Amount will be 2 per cent. of the aggregate Principal Amount Outstanding of the A Notes on that Interest Payment Date before the application of the Pre-Enforcement Principal Priority of Payments; and
- (c) after the occurrence of the Liquidity Reserve Fund Trigger Event, on any subsequent Interest Payment Date, the Liquidity Reserve Fund Required

Amount will be 2 per cent. of the aggregate Principal Amount Outstanding of the A Notes on such Interest Payment Date before the application of the Pre-Enforcement Principal Priority of Payments;

"Listing Agent" means McCann Fitzgerald Listing Services Limited;

"LMC" means London Mortgage Company (a trading division of Matlock Bank Limited);

"LMC Lending Criteria" means lending criteria applied by LMC to the LMC Loans;

"LMC Loans" means loans originated by LMC;

"Loan" means a loan in the Mortgage Pool which is, in each case, secured by Mortgages over Properties located in England, Wales, Northern Ireland and Scotland and for the avoidance of doubt not including a Payment in Lieu Loan;

"Loan Conditions" means, in relation to each Loan, the terms and conditions on which it was made;

"Loan Files" means, in relation to each Loan, the file or files (including files kept in microfiche format or similar electronic data retrieval system) containing correspondence between the Borrower and the Seller (or the Legal Title-Holder on the Seller's behalf) and including the relevant Standard Documentation applicable to that Loan, each letter of offer in respect of a Loan and other relevant documents (excluding the Property Deeds);

"Loan Payment Date" means, in relation to any Loan and its related Mortgage, the specific day of each calendar month on which the Borrower is obliged to pay an Instalment (which day may be varied from time to time in relation to any Borrower) in any calendar month;

"Loan Rate" means in relation to a Loan, the rate of interest from time to time applicable thereto;

"Loan to Value Ratio" or **"LTV"** means the ratio, expressed as a percentage, which the amount of a Loan (exclusive of any arrangement fee) bears to the valuation of the relevant Property at origination of the Loan or, in some cases as set out in the Lending Criteria, the lower of such valuation and the sale price of such Property;

"Losses" means any losses arising in relation to a Loan in the Mortgage Pool or as a result of an insolvency event in relation to the Collection Accounts Provider which results in a shortfall in the amount of principal received on such Loan;

"LPA" means the Law of Property Act 1925;

"LPS" means the Land & Property Services of the Department of Finance;

"Main Collection Account KMC Declaration of Trust" means the declaration of trust dated on or about the Issue Date created in favour of the Issuer in respect of KMC's interest in the Main Collection Accounts;

"Main Collection Accounts" means the accounts in the name of the Legal Title-Holder held with the relevant Collection Accounts Provider as set out in Schedule 1 of the Main Collection Account Agreement and such replacement account(s) as may be established from time to time so long as these accounts are subject to a declaration of trust in favour of the Issuer, the relevant account holding bank has the rating referred to in clause 5 (Change of Bank or Cash/Bond Administrator) of the Main Collection Accounts Agreement and such account holding bank enters into an agreement on substantially the same terms as the Main Collection Accounts Agreement, or such other replacement account(s) as may be established from time to time in accordance with the Transaction Documents;

"Main Collection Accounts Agreement" means the agreement so named dated on or about the Issue Date between, inter alios, the Issuer and the Collection Accounts Provider;

"Main Market" or **"Main Securities Market"** means the regulated market of Euronext Dublin;

"Mandate" means the Collection Account Mandate;

"Market Abuse Regulation" means Regulation (EU) No 596/2014;

"Master Definitions Schedule" means this document so named (as amended or restated from time to time) dated on or about the Issue Date and initialled for the purposes of identification by the Issuer and the Seller;

"MCD" means the European Mortgage Credit Directive (2014/17/EU);

"MCD (Amendment) Order" means the Mortgage Credit Directive (Amendment) Order 2015;

"MCD Order" means the Mortgage Credit Directive Order 2015;

"MCOB" means the FCA's Mortgages and Home Finance: Conduct of Business sourcebook, as the same may be amended, revised or supplemented from time to time;

"Meeting" means a meeting of Noteholders of any Class or Classes (whether originally convened or resumed following an adjournment);

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

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

"MiFID" means Directive 2004/39/EC;

"MiFID II" means Directive 2014/65/EC;

"MiFID Regulations" has the meaning given to such term in the section entitled *"Purchase and Sale"* in the Prospectus;

"Minimum Denomination" means £100,000 and integral multiples of £1,000 in excess thereof;

"Modelling Assumptions" means the assumptions set out in the section entitled *"Weighted Average Lives of the Notes"* in the Prospectus;

"Money Laundering Laws" means all applicable financial record keeping and reporting requirements and money laundering statutes in the United Kingdom including the Proceeds of Crime Act 2002, The Money Laundering Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, any related or similar laws, rules or regulations issued, administered or enforced by the United States, the United Kingdom, the European Union or any of its member states and of all jurisdictions in which the Debtor conducts business, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency;

"Monthly Report" means the monthly report substantially in the form scheduled as Schedule 3 (Form of Monthly Report) to the Cash/Bond Administration Agreement or from time to time agreed between the Issuer and KMC;

"Moody's" means Moody's Investors Service Ltd;

"Mortgage" means the English Mortgages, the Northern Irish Mortgages and the Scottish Mortgages;

"Mortgage Administration Agreement" means the agreement so named dated on or about the Issue Date between, inter alios, the Issuer and the Mortgage Administrator;

"Mortgage Administration Facilitator" means Link Trust Corporate Limited or any replacement or successor thereto appointed pursuant to the Mortgage Administration Agreement;

"Mortgage Administrator" means (a) KMC under the Mortgage Administration Agreement or (b) if KMC's appointment is terminated under the Mortgage Administration Agreement, any other mortgage administrator selected by the Mortgage Administration Facilitator and appointed by the Issuer with the approval of the Trustee;

"Mortgage Administrator Software" means the software which is owned by and/or licensed to the Mortgage Administrator and which is used in the provision of the Services;

"Mortgage Administrator System" means any IT system, middleware, hardware and related network and other infrastructure and any software or applications, including the Mortgage Administrator Software, operated thereon by the Mortgage Administrator from time to time to support the delivery of the Services;

"Mortgage Administrator Termination Event" means any of the events of default specified under the Mortgage Administration Agreement, including non-performance by the Mortgage Administrator of its obligations thereunder or if insolvency or similar events occur in relation to the Mortgage Administrator;

"Mortgage Conditions" means the mortgage conditions forming part of the Standard Documentation;

"Mortgage Early Redemption Amount" means the compensation amount payable by a Borrower if a Loan is redeemed (whether pre-enforcement or post-enforcement) within the Relevant Period (excluding, for the avoidance of doubt, any principal received in respect of the Loans to which the relevant Mortgages relate);

"Mortgage Loan Agreement" means, in respect of a Loan, the agreement between the relevant Originator and the applicable Borrower under which that Loan arises;

"Mortgage Pool" means the Completion Mortgage Pool and any Substitute Loans other than Loans:

- (a) which have been repaid or in respect of which funds representing principal outstanding have otherwise been received in full;
- (b) which have been re-transferred to the Seller pursuant to the Kayl/Issuer Mortgage Sale Agreement;
- (c) which the Seller or KMC has paid an amount in respect of such Loan in accordance with clause 8.1.2(c) and clause 8.2 of the Kayl/Issuer Mortgage Sale Agreement; or
- (d) in respect of which Enforcement Procedures have been completed or where the Legal Title-Holder has taken possession of the Property;

"Mortgage Pool Option" means the option granted to the Mortgage Pool Option Holder documented in the Deed Poll;

"Mortgage Pool Option Holder" means (a) where there is a sole Certificateholder, that Certificateholder, or (b) where there is not a sole Certificateholder, an entity unanimously agreed in writing between the Certificateholders as their representative and whose identity has been notified to the Issuer in writing by the Certificateholders;

"Mortgage Pool Purchase" means a purchase of all (but not part) of the Loans and their Mortgages and related security by a third party purchaser nominated by the Mortgage Pool Option Holder;

"Mortgage Pool Purchaser" means, as applicable, the person specified in an Exercise Notice as the purchaser of the beneficial title to the Loans and/or the legal title to the Loans;

"Mortgage Pool Purchase Completion Date" means the completion date of the Mortgage Pool Purchase;

"Mortgage Pool Purchase Price" means an amount which, together with any amounts standing to the credit of the Transaction Account and/or the General Reserve Fund and the Liquidity Reserve Fund and/or any other cash held by or on behalf of the Issuer, would be required to pay any amounts required under the relevant Priority of Payments to be paid in priority to or pari passu with the Notes on such Interest Payment Date, redeem all Notes then outstanding in full together with accrued and

unpaid interest on such Notes and pay costs associated with the redemption, as calculated as at the Mortgage Pool Purchase Completion Date;

"Mortgage Rights" has the meaning given to such term in the Kayl/Issuer Mortgage Sale Agreement;

"Most Senior Class" means the A Notes for so long as there are any A Notes outstanding; thereafter the B Notes for so long as there are any B Notes outstanding; thereafter the C Notes for so long as there are any C Notes outstanding; thereafter the D Notes for so long as there are any D Notes outstanding; thereafter the E Notes for so long as there are any E Notes outstanding; thereafter the F1 Notes for so long as there are any F1 Notes outstanding; thereafter the F2 Notes for so long as there are any F2 Notes outstanding; thereafter the F3 Notes for so long as there are any F3 Notes outstanding; thereafter the X1 Notes for so long as there are any X1 Notes outstanding; thereafter the X2 Notes for so long as there are any X2 Notes outstanding; thereafter the Z Notes for so long as there are any Z Notes outstanding; and thereafter the Certificates for so long as there are any Certificates outstanding;

"N(M)" means 31 October 2004;

"Net Stable Funding Ratio" means a leverage ratio **"backstop"** for financial institutions and certain minimum liquidity standards as established by Basel III;

"NICHAL" means Northern Ireland Co-Ownership Housing Limited, a registered housing association under the Housing (Northern Ireland) Order 1992;

"non-delaying party" has the meaning given to it in the Mortgage Administration Agreement;

"Northern Irish First Mortgage" means the first ranking legal mortgage or charge of a Northern Irish Property which is security for a First Loan;

"Northern Irish Loan" means a Loan secured by a Northern Irish Mortgage;

"Northern Irish Mortgages" means the Mortgages secured over Northern Irish Properties;

"Northern Irish Property" means, in relation to a Loan, the freehold or long leasehold residential property situated in Northern Ireland upon which the obligations of the Borrower are secured;

"Noteholders" means holders of the Notes;

"Note Principal Payment" has the meaning given to such term in Notes Condition 5(c) (Note Principal Payments, Principal Amount Outstanding and Pool Factor);

"Note Purchase Agreement" means the note purchase agreement dated on or around 27 November 2018 between the Issuer and the Joint Lead Managers;

"Notes" means the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F1 Notes, the F2 Notes, the F3 Notes, the X1 Notes, the X2 Notes and the Z Notes;

"Notes Basic Terms Modification" means any modification to:

- (a) the maturity of the Notes or the dates on which interest is payable in respect of the Notes;
- (b) the date of payment of principal, interest or any other amount in respect of any Class of Notes, or, where applicable, of the method of calculating the date of payment of principal, interest or any other amount in respect of any Class of Notes, or of the method of calculating the date of payment in respect of the Certificates, except in accordance with Notes Condition 11(f) (Modification and Waiver in relation to Screen Rate);
- (c) the amount of principal, the rate of interest or any other amount payable in respect of any Class of Notes or the priority of payment of such amount, or where applicable, of the method of calculating the amount payable of any principal, interest or any other amount payable in respect of any Class of Notes or of the method of calculating the amounts payable in respect of the Certificates, except in accordance with Notes Condition 11(f) (Modification and Waiver in relation to Screen Rate);
- (d) the modification or addition of any other amount payable ranking ahead of or pari passu with any Class of Notes or Certificates, including any fees payable by the Issuer to any third party (save as permitted under the terms of the Transaction Documents);
- (e) the priority of payment of interest or principal on the Notes;
- (f) the currency of payment of the Notes;
- (g) the definition of Notes Basic Terms Modification;
- (h) the definition of Event of Default;
- (i) the provisions concerning the quorum required at any meeting of Noteholders or the majority required to effect a Notes Basic Terms Modification or to pass an Extraordinary Resolution;
- (j) the definition of the Call Option Date;
- (k) any changes to the terms of the Deed Poll or any provisions concerning the exercise of the optional call thereunder, including Notes Condition 5(d) (Optional Redemption in Full of the Notes upon Sale of the Charged Property to the Certificateholders);
- (l) the provisions concerning limited recourse and non-petition in relation to the Issuer including Notes Condition 10 (Enforcement of Security, Limited Recourse and Non-Petition);
- (m) the Notes Condition 3(i) (Covenants of the Issuer); or
- (n) any waiver of any proposal or actual breach of any of the covenants (including any Event of Default or Potential Event of Default) or provisions contained in

or arising pursuant to the Notes Conditions, Certificates Conditions or any Transaction Documents by any party thereto which would have the effect of any of the foregoing,

but, no modification relating to the Senior Servicing Fee Cap shall be a Notes Basic Terms Modification;

"Notes Conditions" means the terms and conditions applicable to the Notes as set out in Schedule 5 (Terms and Conditions of the Notes) to the Trust Deed as may from time to time be modified in accordance with the Trust Deed and, with respect to any Notes represented by a Global Note, as modified by the provisions of such Global Note and any reference to a particularly numbered Notes Condition shall be construed accordingly;

"NVG" means The Northview Group Limited;

"OFT" means the Office of Fair Trading;

"Ombudsman" means the Financial Ombudsman Service;

"Ordinary Resolution" means:

- (a) a resolution passed at a duly convened meeting of the Noteholders or the Noteholders of such Class and held in accordance with the provisions of the Trust Deed by a majority consisting of not less than 50.1 per cent. of the persons voting thereat upon a show of hands, or if a poll is demanded, by a majority consisting of not less than 50.1 per cent. of the votes cast on such poll; or
- (b) a resolution in writing signed by or on behalf of the holders of not less than 50.1 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such holders,

and (in the circumstances set out in Notes Condition 11 (Meetings of Noteholders; Modifications; Consents; Waiver)) an Ordinary Resolution will pass unless 15 per cent. or more in aggregate Principal Amount Outstanding of the Notes of such Class have informed the Trustee in the prescribed manner of their objection to such Ordinary Resolution within 40 days after the date on which a notice containing the text of such Ordinary Resolution which acts as an invitation to Noteholders of such Class to object to the same and details the manner in which such objections should be made has been given to such Class in accordance with the provisions of Notes Condition 13 (Notice to Noteholders) by the Issuer, the Trustee or the Cash/Bond Administrator and for so long as the Notes are listed on Euronext Dublin, by making it available to any Regulatory Information Service maintained by Euronext Dublin;

"Original Property" means the Property which a Loan was originally secured by;

"Originator" means each of:

- (a) SPML (together with its correspondent lenders, its branded lenders and remote processors);
- (b) PML;
- (c) SPPL;
- (d) LMC;
- (e) A&L; and
- (f) Amber;

and together the "**Originators**";

"**outstanding**" means, in relation to a Class of Notes, all the Notes of that Class which have been issued except:

- (a) those which have been redeemed in full in accordance with the Notes Conditions;
- (b) those in respect of which the date for redemption in full has occurred and the full amount of redemption moneys (including all interest accrued on such Notes to the date for such redemption and any interest payable under the Notes Conditions after such date) have been duly paid to the Trustee or to the Principal Paying Agent as provided in clause 2 (Amount of the Notes and Covenant to Pay) of the Trust Deed (and, where appropriate, notice to that effect has been given to the Noteholders in accordance with Notes Condition 13 (Notice to Noteholders)) and remain available for payment against presentation and surrender of Notes; and
- (c) those which have become void or in respect of which claims have become prescribed,

provided that for each of the following purposes:

- (A) ascertaining the right to attend and vote at any meeting of the Noteholders;
- (B) the determination of how many Notes are outstanding for the purposes of Notes Condition 9 (Events of Default) and Notes Condition 10 (Enforcement of Security, Limited Recourse and Non-Petition) and Notes Condition 11 (Meetings of Noteholders; Modifications; Consents; Waiver) and Schedule 7 (Provisions for Meetings of Noteholders) to the Trust Deed;
- (C) the exercise of any discretion, power or authority which the Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Most Senior Class; and

- (D) the determination by the Trustee of whether any event or potential event is or would be materially prejudicial to the interests of the Most Senior Class,

those Notes which are beneficially held by or on behalf of the Issuer shall (unless no longer so held) be deemed not to remain outstanding and, for the purposes of this proviso, in the case of the Global Notes, the Trustee shall be entitled to rely on the records of Euroclear and Clearstream, Luxembourg in relation to any determination of the nominal amount outstanding of the Global Notes;

"Parent" means Residential Mortgage Securities 31 Parent Limited;

"Parent Share Trust Deed" means the trust deed so named and dated 6 June 2017 between the Share Trustee and the Parent;

"Parent Term Loan Agreement" means the loan agreement so named and dated 6 June 2017 between the Parent and the Share Trustee;

"Part and Part Loans" means Loans under the terms of which the loan is effectively separated (at the option of, and at a level decided by, the Borrower) into two, principal amounts, one in respect of which the Borrower pays interest only and the other in respect of which the Borrower pays interest and principal;

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

"Payee" means the party making payment;

"Paying Agency Agreement" means the agreement so named and dated on or about the Issue Date between, among others, the Issuer, the Trustee and the Agents;

"Paying Agents" means the Principal Paying Agent and any additional paying agent appointed pursuant to the Paying Agency Agreement or any of them;

"Payment in Lieu Loan" means a loan previously part of the Mortgage Pool that is held by the Issuer, following the payment of a Breach of Warranty Payment Amount to the Issuer in accordance with the Kayl/Issuer Mortgage Sale Agreement, on behalf of the payee of the Breach of Warranty Payment Amount;

"Perfection Events" means the occurrence of any of the following:

- (a) the Trustee giving notice that it has determined that the Charged Property or any part thereof is in jeopardy (including due to the possible insolvency of one or more of the Seller or the Legal Title-Holder);
- (b) the Issuer, the Trustee, the Seller or the Legal Title-Holder becoming obliged to effect any such assignment or assignation and/or notice by an order or decree of any court having jurisdiction or by law or by a mandatory requirement of any regulatory authority having jurisdiction; or
- (c) a Legal Title-Holder Termination Event occurs and a replacement legal title holder has not been appointed within 60 calendar days,

as more particularly described in clause 6.1 (Further Assurance) of the Kayl/Issuer Mortgage Sale Agreement;

"Performance Report" means the quarterly performance report substantially in the form scheduled as Schedule 2 (Form of Performance Report) to the Cash/Bond Administration Agreement or from time to time agreed between the Issuer and KMC;

"PML" means Preferred Mortgages Limited;

"PML Drive By Loans" means the PML Loans listed in Appendix D of the Kayl/Issuer Mortgage Sale Agreement which had a drive-by valuation completed prior to the making of such Loan;

"PML Lending Criteria" means lending criteria applied by PML to the PML Loans;

"PML Loans" means loans originated by PML;

"Pool Cut-Off Date" means after close of business on 31 October 2018;

"Pool Factor" has the meaning given to such term in Notes Condition 5(c) (Note Principal Payments, Principal Amount Outstanding and Pool Factor);

"Post-Enforcement Priority of Payments" means the Post-Enforcement Priority of Payments set out in Notes Condition 2(d) (Post-Enforcement Priority of Payments);

"Potential Event of Default" means any condition, event, act or circumstance which would or could, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Notes Condition 9 (Events of Default), become an Event of Default;

"PPI" means payment protection insurance;

"PRA" means the Prudential Regulation Authority or any successor authority or authorities fulfilling the regulatory role currently occupied by the PRA;

"Pre-Enforcement Principal Priority of Payments" means the Pre-Enforcement Principal Priority of Payments as set out in Notes Condition 5(b) (Mandatory Redemption of the Notes);

"Pre-Enforcement Priority of Payments" means the Pre-Enforcement Revenue Priority of Payments or the Pre-Enforcement Principal Priority of Payments, as the case may be;

"Pre-Enforcement Revenue Priority of Payments" means the Pre-Enforcement Revenue Priority of Payments set out in Notes Condition 2(c) (Pre-Enforcement Revenue Priority of Payment);

"Pre-Issue Interest Amounts" means any amounts of interest which do not form part of the Balance of the Loans as at the Pool Cut-Off Date and which accrue on the Loans in respect of any period up to the Issue Date whether paid by the Borrower prior to or after the Issue Date;

"PRIIPs Regulation" means Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014;

"Principal Amount Outstanding" means the principal amount outstanding of each note as determined in accordance with Notes Condition 5(c) (Note Principal Payments, Principal Amount Outstanding and Pool Factor);

"Principal Balance" means in relation to any Loan and on any date, the current principal amount outstanding as at that date excluding any other disbursement, legal expense, fee, charge, premium or interest capitalised and added to the amounts secured by the relevant Mortgage in accordance with the conditions of the Loan on or prior to such date less any repayments of such amounts;

"Principal Collections" means an amount determined by the Cash/Bond Administrator on a Determination Date being the aggregate of:

- (a) all repayments or prepayments of principal received by the Issuer in relation to the Loans in respect of the Determination Period ending on or immediately prior to such Determination Date;
- (b) all payments of any amounts whether being with respect to interest, fees, breakage costs and/or any amounts in arrears which as at the date of the assignment of such Loan to the Issuer was included in the calculation of the Balance of the relevant Loan for the purposes of calculating the purchase price to be paid by the Issuer for such Loan;
- (c) recoveries:
 - (i) received by the Issuer and allocable to principal upon an enforcement of the Collateral Security;
 - (ii) received by the Issuer and allocable to principal upon a purchase or a repurchase of the Loans or Shortfall Loans by the Seller, KMC, or an affiliate thereof, in accordance with the terms of the Kayl/Issuer Mortgage Sale Agreement; and
 - (iii) received by the Issuer and allocable to principal with respect to a Breach of Warranty Payment Amount in accordance with the terms of the Kayl/Issuer Mortgage Sale Agreement,

in each case received by the Issuer in the Determination Period preceding such Determination Date; and

- (d) any Principal Redress Amounts;

"Principal Deficiency" means the amount debited from time to time to the Principal Deficiency Ledger for the purposes of recording Losses and/or the utilisation of principal receipts to pay a shortfall on the A Notes to the F3 Notes (inclusive) provided that such Class of Notes is the then Most Senior Class and also any drawing under the Liquidity Reserve Fund to fund a Revenue Shortfall;

"Principal Deficiency Ledger" means the A Principal Deficiency Ledger, the B Principal Deficiency Ledger, the C Principal Deficiency Ledger, the D Principal Deficiency Ledger, the E Principal Deficiency Ledger, the F1 Principal Deficiency Ledger, the F2 Principal Deficiency Ledger and the F3 Principal Deficiency Ledger;

"Principal Ledger" means the ledger of such name created for the purpose of recording Principal Collections and maintained by the Cash/Bond Administrator in the Transaction Account;

"Principal Paying Agent" means Citibank, N.A., London Branch or any successor thereto;

"Principal Receipts" has the meaning given to such term in Notes Condition 4(j) (Determinations and Reconciliation);

"Principal Redress Amounts" means any part of a Redress Payment referable to the principal amount of a Loan;

"Priority of Payments" means the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments, as applicable;

"Proceedings" means any suit, actions or proceedings which may arise out of or in connection with the Transaction Documents or the Notes;

"Product Switch" means a variation:

- (a) to the period of the applicable rate of interest applied to a Loan;
- (b) to the rate of interest applied to a Loan; and/or
- (c) to the final maturity date of a Loan,

where such variation can take effect on or after the date when an existing fixed or discounted interest rate expires or at any time when the interest rate applicable to the relevant Loan is the reversionary rate, provided that for the avoidance of doubt, a Product Switch shall not mean any arrangement entered into with a Borrower as part of an arrears management, debt rehabilitation or Enforcement Procedure (for example if a Loan is in arrears and a fixed rate payment schedule is agreed with a Borrower to enable arrears to be cleared or the term of the Loan is extended to assist a Borrower in financial difficulties);

"Product Switch Effective Date" means, in relation to any Loan, the date upon which the Product Switch becomes effective so that the new interest rate is applied to that Loan from this date and/or the new term and/or period of the applicable interest rate of the Loan applies;

"Product Switch Loan" means a Loan where a Product Switch has been offered to the relevant Borrower and the Borrower has accepted such offer;

"Product Switch Offer" means an offer to a Borrower of a Product Switch;

"Properties" means all of the properties securing the Loans;

"Property" means, in relation to a Loan, the freehold, heritable or long leasehold residential property situated in England, Wales, Northern Ireland or Scotland upon which the obligations of the Borrower are secured;

"Property Deeds" means all conveyancing deeds and documents which make up the title to the Properties, the Mortgages and the Charges;

"Proposed Replacement Legal Title-Holder" means any replacement legal title-holder proposed by the Legal Title-Holder Facilitator pursuant to the terms of the Mortgage Administration Agreement;

"Proposed Replacement Mortgage Administrator" means any replacement mortgage administrator proposed by the Mortgage Administration Facilitator pursuant to the terms of the Mortgage Administration Agreement;

"Prospectus" means the prospectus of the Issuer dated on or about 27 November 2018 in respect of the issue of the Notes for the purposes of the Prospectus Directive;

"Prospectus Directive" means EU Directive 2003/71/EC (as amended);

"Provisions for Meetings of Noteholders" means the provisions contained in Schedule 7 (Provisions for Meetings of Noteholders) of the Trust Deed;

"Provisional Completion Mortgage Pool" means the Loans proposed to be included in the Mortgage Pool as at the Cut-Off Date with the characteristics set out in the section entitled "*Constitution of the Mortgage Pool*" in the Prospectus;

"Prudential Regulation Authority" or "PRA" means the Prudential Regulation Authority which replaced the FSA on 1 April 2013;

"Prudent Mortgage Lender" means a reasonably prudent mortgage lender acting in a manner consistent with that of an experienced lender, servicer or administrator of residential mortgage loans lending to borrowers in England, Wales, Northern Ireland and Scotland who include the recently self-employed, independent contractors, temporary employees and people who may have experienced previous credit problems being, in each case, people who generally do not satisfy the lending criteria of traditional sources of residential mortgage capital;

"Prudent Mortgage Servicer" means a mortgage servicer acting in accordance with the standards reasonably expected of a prudent mortgage servicer experienced in servicing residential owner occupied and buy-to-let mortgage loans and acting no less favourably or to no lesser standard than that applied to other loans serviced by the Mortgage Administrator or its delegate, as applicable, and in compliance with all laws applicable to it in connection with mortgage loans made to borrowers in England, Wales, Scotland and Northern Ireland;

"PSq/Kayl Mortgage Sale Agreement" means the mortgage sale agreement dated on or about the Issue Date between, amongst others, the Warehouse Borrower and Kayl;

"RAO" means the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (as amended);

"Rated Notes" means the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F1 Notes and the X1 Notes;

"Rate of Interest" means the relevant Floating Rate of Interest;

"Rating Agencies" means S&P and DBRS and **"Rating Agency"** means any of them;

"Rating Agency Confirmation" means written confirmation from each Rating Agency (or certification from the Issuer to the Trustee that the Issuer has been unable to obtain written confirmation, but has received oral confirmation from an appropriately authorised person at each of the Rating Agencies) that such modification would not result in the then current ratings of each Class of Notes rated thereby being qualified, downgraded or withdrawn and, if relevant, the Issuer delivers a copy of each such confirmation to the Trustee, or the Issuer certifies in writing that the Rating Agencies then rating the Notes have been informed of the proposed modification and none of the Rating Agencies have indicated that such modification would result in a qualification, downgrade or withdrawal of the then current ratings of each Class of Notes rated thereby;

"Rating Agency Required Ratings" means, in respect of the Account Bank:

- (a) (i) in the case of S&P, a short-term unsecured, unsubordinated and unguaranteed debt rating of at least A-1 by S&P (if a short-term rating is assigned by S&P) and a long-term unsecured, unsubordinated and unguaranteed debt rating of at least A by S&P, or should the Account Bank not benefit from a short-term unsecured, unsubordinated and unguaranteed rating of at least A-1 from S&P, a long term unsecured, unsubordinated and unguaranteed rating of at least A+ by S&P; (ii) in the case of DBRS, the higher of (A) if a long-term critical obligations rating ("**COR**") is currently maintained in respect of the Account Bank, a rating one notch below the Account Bank's COR, being a rating of "A" from DBRS, and (B) a long-term senior unsecured debt rating or deposit rating of "A" from DBRS or (C) if none of (A) or (B) above are currently maintained in respect of the Account Bank, a DBRS Equivalent Rating at least equal to "A"; or
- (b) alternatively to any of the above, such other ratings that are consistent with the then published criteria of the relevant Rating Agency as being the minimum ratings that are required to support the then rating of the Most Senior Class.

"Realisation" means, in relation to any Charged Property, the deriving, to the fullest extent practicable, (in accordance with the provisions of the Transaction Documents) of proceeds from or in respect of such Charged Property including (without limitation) through sale or through performance by an obligor;

"Reallocated Principal" means that part of the Principal Collections which are to be applied towards establishing the Liquidity Reserve and keeping that Liquidity Reserve credited to an amount equal to the Liquidity Reserve Required Amount;

"Recast EU Insolvency Regulation" means Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings;

"Receiver" means any receiver, manager or administrative receiver appointed in respect of the Issuer by the Trustee in accordance with clause 10 (Receiver) of the Deed of Charge;

"Reconciliation Amount" has the meaning given to such term in Notes Condition 4(j) (Determinations and Reconciliation);

"Record Date" means the fifteenth day before the due date for any payment in respect of a Note;

"Records" has the meaning given to it in the Mortgage Administration Agreement;

"Redemption Event" means the earlier to occur of (i) the Final Maturity Date, and (ii) the Interest Payment Date on which the relevant Notes are redeemed in accordance with Notes Condition 5(d) (Optional Redemption in Full) or Notes Condition 5(e) (Optional Redemption for Taxation or Other Reasons);

"Redress Exercise" means any voluntary redress exercise undertaken by the Seller, Holdco or the Legal Title-Holder and/or mandated by the FCA or any other regulatory authority in terms of which the Seller, Kayl Holdco and/or the Legal Title-Holder is required to reimburse a Borrower any amount either owed or previously paid by such Borrower under a Loan whether with respect to any fees, interest or principal amounts and whether by way of the payment of such amount, payment holiday, payment forgiveness or principal balance reduction, in respect of issues arising from payment protection insurance (including accident, sickness and unemployment insurance) as considered in the Policy Statement PS 17/3 (entitled "Payment protection insurance complaints: feedback on CP16/20 and final rules and guidance") published in March 2017;

"Redress Payment" means the amount to be paid by the Seller or the Legal Title-Holder (as applicable) to the Issuer in respect of a Redress Exercise within 12 months of the earliest of: (i) the voluntary election by such entity and/or its affiliates to make such payment; and (ii) the notification by the FCA or any other such regulatory authority requiring such entity and/or its affiliates to make such payment;

"Redress Period End Date" means the latest date on which a Redress Exercise can be made;

"Reference Banks" has the meaning given to that term in Notes Condition 4(h) (Reference Banks and Agent Bank);

"Registered Land Transfers" means in the case of English Mortgages and Northern Irish Mortgages the transfers to be executed in relation to the Mortgage Pool which comprise Loans secured over Properties comprising registered land (including Properties the subject of applications for first registration at the Land Registry or the Land Registry of Northern Ireland (as applicable)) pursuant to the Kayl/Issuer Mortgage Sale Agreement;

"Registers of Northern Ireland" means the Land Registry of Northern Ireland and/or the Registry of Deeds of Northern Ireland as the context requires;

"Registers of Scotland" means the Land Register of Scotland and/or the General Register of Sasines (as appropriate);

"Registrar" means Citibank, N.A., London Branch or any successor thereto;

"Regulated Mortgage Contract" means any regulated mortgage contract under FSMA;

"Regulated Mortgage Contracts" means loans that were originally entered into as first-charge residential mortgages after 31 October 2004;

"Regulation S" means Regulation S of the Securities Act;

"Relevant Amount" means an amount equal to the amounts received by the Issuer in relation to a Payment in Lieu Loan during the Relevant Determination Period;

"Relevant Determination Period" means the relevant Determination Period in relation to a Payment in Lieu Loan with respect to which the calculation of a Relevant Amount is made;

"relevant Determination Period" means any such Determination Period in which a Performance Report is not prepared;

"Relevant Implementation Date" has the meaning given to such term in the section entitled "*Purchase and Sale*" in the Prospectus;

"Relevant Information" has the meaning given to such term in the risk factor entitled "*Conflicts of interest*" in the Prospectus;

"Relevant Margin" has the meaning given to such term in Notes Condition 4(c) (Rate of Interest);

"Relevant Member State" has the meaning given to such term in the section entitled "*Purchase and Sale*" in the Prospectus;

"Relevant Period" means three years from the date of advance of the relevant Loan to the Borrower;

"Relevant Rules" means the rules and guidance of the Financial Services Authority or any successor regulatory authority implementing CRD;

"Relevant Time" means the date of the public announcement of the permanent or indefinite discontinuation of the Screen Rate or the relevant benchmark rate that applies to the Notes at that time;

"Repayment Loan" means a Loan under the terms of which monthly instalments covering both interest and principal are payable by the Borrower until the Loan is fully repaid by its maturity in accordance with the relevant Loan Conditions;

"Repurchase Event" has the meaning given to it in the Kayl/Issuer Mortgage Sale Agreement;

"Repurchase Date" means the date on which a Loan or Shortfall Loan is repurchased by the Seller, KMC, or an affiliate thereof;

"Repurchase Price" means a cash payment to the Issuer or to such person as the Issuer may direct, in an amount equal to:

- (a) 100 per cent. of the Balance outstanding of the relevant Loan as at the Repurchase Date;
- (b) to the extent not already included in (a) above, interest accrued on the Loan in that month up to and including the date falling immediately before the Repurchase Date, minus an amount equal to any interest paid in advance to the Issuer, provided that if the amount calculated in accordance with this paragraph (b) is negative this amount will be deemed to be zero for the purposes of the cash payment made to the Issuer, and the Issuer will pay the Legal Title-Holder the absolute value of such negative amount on the relevant Repurchase Date (and such payment amount shall be debited to the Revenue Ledger);
- (c) an amount equal to all amounts (other than such amounts as set out in (a) and (b) above) which are due and payable as at the Repurchase Date under that Loan; and
- (d) with respect to a repurchase of a Loan as a result of (i) a breach of a Warranty; (ii) the occurrence of an Asset Repurchase Trigger; or (iii) the occurrence of a Liquidity Reserve Fund Trigger Event, the reasonable legal costs of the Issuer incurred in relation to such repurchase;

"Residual Payment" means:

- (a) prior to the delivery of an Enforcement Notice, for an Interest Payment Date, the amount by which Available Revenue Funds exceed the amounts required to satisfy items (i) to (xxviii) of the Pre-Enforcement Revenue Priority of Payments on that Interest Payment Date; and
- (b) following the delivery of an Enforcement Notice, for any date on which amounts are to be applied in accordance with the Post-Enforcement Priority of Payments, the amount by which amounts available for payment in accordance with the Post-Enforcement Priority of Payments exceeds the amounts required to satisfy items (i) to (xv) of the Post-Enforcement Priority of Payments on that date;

"Resulting Overdraft" has the meaning given to it in each of the Bank Agreement and each Collection Account Agreement;

"Retained Interest" means Kayl Holdco's holding of exposure to at least equal to 5 per cent. of the nominal value of each Class of Notes (other than the X1 Notes and the X2 Notes) sold or transferred to investors to satisfy the EU Retention Requirement;

"Retention" means at any date an amount or amounts to be advanced under a Loan but retained as at that date pending satisfaction of the Retention Conditions;

"Retention Conditions" means, in relation to a Retention, the conditions for the release of such Retention, as described in the relevant letter of offer to the relevant Borrower from the relevant Originator;

"Retention Letter" means the retention letter dated the Issue Date between, among others, the Issuer, the Trustee and Kayl Holdco;

"Revenue Collections" means an amount determined by the Cash/Bond Administrator on a Determination Date being the aggregate of:

- (a) all payments of interest, fees, breakage costs and other sums (other than any Pre-Issue Interest Amounts) not comprising Principal Collections, if any, received by the Issuer in relation to the Loans in the Mortgage Pool in respect of the Determination Period ending immediately prior to such Determination Date;
- (b) recoveries:
 - (i) received by the Issuer and allocable to interest upon an enforcement of the Collateral Security;
 - (ii) received by the Issuer and allocable to interest upon a purchase or a repurchase of any Loans or Shortfall Loans in the Mortgage Pool by the Seller, KMC or any affiliate thereof in accordance with the terms of the Kayl/Issuer Mortgage Sale Agreement; and
 - (iii) received by the Issuer and allocable to interest with respect to a Breach of Warranty Payment Amount in accordance with the terms of the Kayl/Issuer Mortgage Sale Agreement,

in each case received by the Issuer in the Determination Period ending immediately prior to such Determination Date;

- (c) all Mortgage Early Redemption Amounts in respect of the Determination Period ending immediately prior to such Determination Date; and
- (d) any Revenue Redress Amounts;

"Revenue Ledger" means the ledger of such name created and maintained by the Cash/Bond Administrator in the Transaction Account;

"Revenue Receipts" has the meaning given to such term in Notes Condition 4(j) (Determinations and Reconciliation);

"Revenue Redress Amounts" means any part of a Redress Payment referable to the revenue amount of a Loan;

"Revenue Shortfall" means, on each Determination Date, the amount by which the Initial Available Revenue for the immediately following Interest Payment Date is insufficient to provide for payment of Senior Fees and the interest on the A Notes in the Pre-Enforcement Revenue Priority of Payments on the immediately following Interest Payment Date;

"Right to Buy Loan" means a loan which is intended for a Borrower who wishes to use the Loan in order to purchase a property pursuant to the UK government's Right to Buy Scheme;

"Risk Retention Piece" means the Retained Interest and/or the U.S. Risk Retained Interest, as applicable;

"S&P" means Standard & Poor's Ratings Services, a division of Standard & Poor's Credit Market Services Europe Limited;

"Sale Date" has the meaning given to it in the Kayl/Issuer Mortgage Sale Agreement;

"Sanctions Affected Loan" means a Loan where the relevant Borrower:

- (a) has directly or indirectly used the proceeds of the Loan, or lent, contributed or otherwise made available such proceeds to any other person, entity, joint venture or organisation:
 - (i) to fund, finance or facilitate any agreement, transaction, dealing or relationship with or involving, or for the benefit of, any Sanctioned Person (or involving any property thereof), or involving any Sanctioned Territory, or
 - (ii) in any other manner that would result in a violation of Economic Sanctions Law by any person, including any person participating in the that Loan, whether as creditor, advisor or otherwise; or
- (b) has engaged in any transaction, activity or conduct that violates any Economic Sanctions Law; or
- (c) directly or indirectly used the proceeds of the Loan for any purpose which would breach any Anti-Corruption Laws or any Money Laundering Laws;

"Sanctioned Person" means any person, organisation or vessel: (a) designated on the OFAC list of Specially Designated Nationals and Blocked Persons, or on the Consolidated List of Financial Sanctions Targets maintained by the UK Treasury, or on any list of targeted persons issued under an Economic Sanctions Law; (b) that is, or is part of, a government of a Sanctioned Territory; (c) owned or controlled by, or acting on behalf of, any of the foregoing; (d) located within or operated from a Sanctioned Territory; or (e) otherwise targeted under any Economic Sanctions Law;

"Sanctioned Territory" means any country or other territory subject to a general export, import, financial or investment embargo under Economic Sanctions Law, which territories, as at the date thereof, include Cuba, Iran, Sudan, North Korea, Crimean Region and Syria;

"Sasine Transfer" means an assignation of any Scottish Mortgages recorded (or subject to an application for recording) in the General Register of Sasines granted pursuant to the Kayl/Issuer Mortgage Sale Agreement in the form set out in Part 4 of Schedule 2 thereto;

"**Scottish Declaration of Trust**" means a declaration of trust pursuant to which the beneficial interest in the Scottish Loans and their Collateral Security are held by the Issuer in the form set out in Schedule 8 of the Kayl/Issuer Mortgage Sale Agreement;

"**Scottish First Mortgage**" means the first ranking standard security over Scottish Property which is security for a First Loan;

"**Scottish Loans**" are Loans secured over Properties located in Scotland;

"**Scottish Mortgage**" means a Scottish First Mortgage and a Scottish Second Mortgage;

"**Scottish Property**" means, in relation to a Loan, a heritable or long lease residential property situated in Scotland upon which the obligations of the Borrower are secured;

"**Scottish Second Mortgage**" means the second ranking standard security over Scottish Property which is security for a Second Loan;

"**Scottish Sub-Security**" means any standard security executed pursuant to clause 3.6 (*The Scottish Mortgages*) of the Deed of Charge in either of the forms set out in Part A or Part B of the schedule 3 (*Form of Scottish Sub-Security*) thereto;

"**Scottish Trust**" means the trust declared pursuant to the Scottish Declaration of Trust;

"**Scottish Trust Property**" has the meaning given thereto in each Scottish Declaration of Trust and, in relation to a Loan, includes the Scottish Mortgage and other related security securing that Loan including in each case all principal sums, interest, costs, expenses and other monies secured or intended to be secured by that Scottish Mortgage;

"**Scottish Trust Security**" means the assignation in security by the Issuer in favour of the Trustee of the Issuer's beneficial interest in the Scottish Trusts entered into pursuant to the Deed of Charge;

"**Screen Rate**" has the meaning given to it in Notes Condition 4(c) (Rate of Interest);

"**Second Loans**" means Loans secured (in England and Wales) by a second ranking mortgage or charge or (in Scotland) by a second ranking standard security on the relevant Property;

"**Second Mortgages**" means the English Second Mortgages and the Scottish Second Mortgages;

"**Secured Amounts**" means any amounts owing to the Secured Creditors;

"**Secured Creditors**" means each of the following:

- (a) the Noteholders;
- (b) the Trustee;

- (c) the Joint Lead Managers;
- (d) the Arranger;
- (e) any Receiver (in its capacity as a creditor secured by the Deed of Charge);
- (f) the Agents;
- (g) the Cash/Bond Administrator;
- (h) the Standby Cash/Bond Administrator;
- (i) the Mortgage Administrator;
- (j) the Mortgage Administration Facilitator;
- (k) the Account Bank;
- (l) the Collection Accounts Provider;
- (m) the Corporate Services Provider;
- (n) the Seller;
- (o) the Legal Title-Holder;
- (p) the Legal Title-Holder Facilitator;
- (q) the Certificateholders; and
- (r) any party who accedes to the Deed of Charge and any other person who is expressed in any deed supplemental to the Deed of Charge to be a Secured Creditor;

"**Securities Act**" means the United States Securities Act of 1933, as amended;

"**Security**" means the security created in favour of the Trustee by, and contained in or granted pursuant to the Deed of Charge;

"**Security Interest**" means any mortgage, sub-mortgage, standard security, assignation, charge, sub-charge pledge, lien, right of set off or other encumbrance or security interest whatsoever, howsoever created or arising;

"**Self Certified Loan**" means a Loan in respect of which income and employment details of the Borrower are not substantiated by supporting documentation;

"**Seller**" means Kayl acting as the Seller of the Loans under the Kayl/Issuer Mortgage Sale Agreement;

"**Senior Fees**" means the fees and any other amount due and payable under items (i) to (v) of the Pre-Enforcement Revenue Priority of Payments;

"**Senior Notes**" means the A Notes, the B Notes, the C Notes, the D Notes and the E Notes;

"**Senior Servicing Fee Cap**" means, in respect of the Mortgage Administration Fee, the Accounting Services Fee, an overall cap equal to 0.50 per cent. multiplied by the aggregate Balance of the Loans as at the first day of the relevant Determination Period multiplied by the number of days in the Determination Period divided by 365;

"**Service Specification**" means the service specification effective from the date of the Mortgage Administration Agreement which defines the scope of the Services to be carried out by the Mortgage Administrator, as from time to time amended or supplemented by the agreement of the Mortgage Administrator and Legal Title-Holder using the Change Control Mechanism and/or as required by a Regulatory Authority and/or applicable law;

"**Services**" means the specific duties of the Mortgage Administrator agreed to be performed by it in the Mortgage Administration Agreement;

"**Servicing Fee**" means an amount equal to the sum of (each exclusive of VAT, if any):

- (a) an amount (exclusive of VAT, if any) equal to 0.205 per cent. multiplied by the aggregate Current Balance of the Loans in the Mortgage Pool as at the first day of the applicable Determination Period multiplied by the number of days in such Determination Period divided by 365 (the "**Base Fee**");
- (b) an arrears fee of £45 (exclusive of VAT, if any) for each Loan in the Mortgage Pool which is one month or more in arrears as at the first date of any calendar month during a Determination Period (the "**Arrears Fee Condition**") multiplied by the number of calendar months during the Determination Period on which the Arrears Fee Condition in respect of such Loan is met (the "**Arrears Fee**" and together with the Base Fee, the "**Mortgage Administration Fee**"); and
- (c) a fee (exclusive of VAT, if any) of £25,000 multiplied by the number of days in the Determination Period and divided by 365 in respect of accounting services provided by the Mortgage Administrator to the Issuer and the Parent (the "**Accounting Services Fee**"),

provided that:

- (i) if the Mortgage Administrator incurs increased costs as a result of a Change, the Mortgage Administration Fee may be increased provided that such increased Mortgage Administration Fee may not exceed an amount equal to 0.50 per cent. multiplied by the aggregate Current Balance of the Loans as at the first day of the relevant Determination Period multiplied by the number of days in such Determination Period divided by 365; and

- (i) the aggregate amount (exclusive of VAT) payable on each Interest Payment Date as (A) a Mortgage Administration Fee and (B) an Accounting Services Fee is subject to an overall cap equal to 0.50 per cent. multiplied by the aggregate Current Balance of the Loans as at the first day of the relevant Determination Period multiplied by the number of days in the Determination Period divided by 365 (the "**Senior Servicing Fee Cap**") with any remaining balance above the Senior Servicing Fee Cap to be paid at paragraph (xxi) of the Pre-Enforcement Revenue Priority of Payments;

"**Share Trustee**" means Link Trust Nominees No.1 Limited, a company registered in England and Wales with company number 5322518;

"**Shared Ownership Loan**" means a loan advanced to a Borrower by the relevant Originator in accordance with a Shared Ownership Scheme in circumstances where the Originator was an approved lending institution within the meaning of the Housing Act 1985;

"**Shared Ownership Scheme**" means the shared ownership scheme which operates in England and Wales and which was introduced by the Housing Act 1985 and which enables Borrowers to purchase a share in the property which is owned by a Housing Association;

"**Shared Ownership Scheme Borrower**" means eligible persons able to purchase a share in a property which is owned by a Housing Association;

"**Shortfall**" means, on each Determination Date, where there are insufficient funds available to provide for, while the E Notes remain outstanding, payment of items (i) to (xiv) of the Pre-Enforcement Revenue Priority of Payments and, following redemption in full of the E Notes and while the F2 Notes remain outstanding, for payment of items (i) to (xx) of the Pre-Enforcement Revenue Priority of Payments on the immediately following Interest Payment Date;

"**Shortfall Loan**" means a Loan in relation to which the Property has been sold and the Mortgage released, but where:

- (a) the application of the net proceeds of sale were insufficient to repay the Loan in full; or
- (b) a balance remains outstanding with respect to that Loan;

"**Shortfall Loan Repurchase Amount**" means an amount equal to 0.50 per cent. of the outstanding amount of the Shortfall Loans being repurchased;

"**Shortfall Loan Repurchase Date**" has the meaning given to it in schedule 11 (*Product Switch Loan and Shortfall Loan Repurchase*) of the Kayl/Issuer Mortgage Sale Agreement.

"**SLR Transfer**" means an assignation of any Scottish Mortgages registered (or subject to an application for registration) in the Land Register of Scotland granted

pursuant to the Kayl/Issuer Mortgage Sale Agreement in the form set out in Part 3 of Schedule 2 thereto;

"**Solvency II**" means Directive 2009/138/EC;

"**Solvency Certificate**" has the meaning given to it in the Kayl/Issuer Mortgage Sale Agreement;

"**Specified Office**" has the meaning given to it in the Paying Agency Agreement;

"**SPML**" means Southern Pacific Mortgage Limited;

"**SPML Lending Criteria**" means the lending criteria applied by SPML (together with its correspondent lenders, its branded lenders and remote processors to the SPML Loans);

"**SPML Loans**" means Loans originated by SPML;

"**SPPL**" means Southern Pacific Mortgages Limited;

"**SPPL Lending Criteria**" means the lending criteria applied by SPPL to the SPPL Loans;

"**SPPL Loans**" means the Loans originated by SPPL;

"**SRR**" means the special resolution regime;

"**Standard Documentation**" means the documents used by the relevant lender in connection with its activities as residential mortgage lender in relation to the origination of the relevant Loans in substantially the forms identified in Appendix C (Standard Documents) to the Kayl/Issuer Mortgage Sale Agreement and such other documents as may from time to time be substituted or added thereto;

"**Standard Security**" or "**standard security**" means a standard security in terms of the 1970 Act;

"**Standard Terms and Conditions**" has the meaning given to it in each of the Bank Agreement and each Collection Account Agreement;

"**Standby Cash/Bond Administrator**" means Wells Fargo Bank International Unlimited Company or any successor thereto;

"**Standby Cash/Bond Administration Agreement**" means the agreement so named dated on or about the Issue Date between, inter alios, the Issuer and the Standby Cash/Bond Administrator;

"**Start-Up Costs Ledger**" means the separate ledger within the Transaction Account into which the Issuer will pay an amount in respect of Issuer Costs and Expenses on the Issue Date from part of the proceeds of the issuance of the X2 Notes;

"**Statutory Charges Register**" means the statutory charges register of Northern Ireland;

"Step-Up Date" means the Interest Payment Date falling in September 2021;

"Subscribed Notes" means 95 per cent. of each of the £240,410,000 Class A Notes due September 2065, the £11,900,000 Class B Notes due September 2065, the £13,480,000 Class C Notes due September 2065, the £12,690,000 Class D Notes due September 2065 and the £16,660,000 Class E Notes due September 2065;

"Subsidiary" means a subsidiary within the meaning of Section 1159 of the Companies Act 2006 (as amended or re enacted from time to time);

"Substitute Loans" means residential mortgage loans (a) with an aggregate value which is equal to or greater than the Repurchase Price; and (b) which KMC, acting as a Prudent Mortgage Lender, considers to have similar or better credit characteristics than the Loan(s) to be repurchased, together with its related Mortgages and Mortgage Rights, which are substituted into the Mortgage Pool by the Seller following a breach of Warranty;

"Substitution" has the meaning given to it in the Kayl/Issuer Mortgage Sale Agreement;

"Substituted Obligor" has the meaning given to it in the Trust Deed;

"SVR" means the applicable rate in accordance with the terms and conditions of the relevant Loan;

"SVR Mortgage" means a Loan subject to the SVR;

"Taxes" means any present or future taxes, levies, duties, charges, fees, deductions or withholdings of any nature whatsoever (and whatever called) imposed, assessed or levied by or on behalf of the United Kingdom or any political subdivision of it or by any authority of it having power to tax, and shall include any interest or penalties which may attach as a consequence of failure to pay on the due date and/or non-payment, and **"Tax"**, **"Taxation"** and similar words shall be construed accordingly;

"Tax Regulations" means the Taxation of Securitisation Companies Regulations 2006 made under section 84 of the Finance Act 2005, now section 624 of the Corporation Tax Act 2010;

"Three Month Sterling LIBOR" or **"3 Month Sterling LIBOR"** means three-month LIBOR;

"Title Insurance Arrangements" means the procedure for completion of Loans which are subject of title insurance;

"Title Insurance Policy" means a policy of insurance in respect of title (howsoever described) to a Property;

"Title Insurance Provider" means Titlesolv (a trading name of London & European Title Insurance Services Limited);

"TPIRs" means temporary product intervention rules;

"Transaction Account" means the account in the name of the Issuer at the Account Bank, sort code 18-50-08, account number 18229406, or such other replacement account as may be established from time to time in accordance with the Transaction Documents;

"Transaction Documents" means the Master Definitions Schedule, the Bank Agreement, the Main Collection Accounts Agreement, the KMC F Collection Account Agreement, the KMC F Collection Account Accession Agreement, the KMC R Collection Account Agreement, the KMC R Collection Account Accession Agreement, the Cash/Bond Administration Agreement, the Standby Cash/Bond Administration Agreement, the Main Collection Account KMC Declaration of Trust, the KMC F Collection Account Declaration of Trust, the KMC F Collection Account Supplemental Deed of Declaration of Trust, the KMC R Collection Account Declaration of Trust, the KMC R Collection Account Supplemental Deed of Declaration of Trust, the Corporate Services Agreement, the Deed Poll, the Deed of Charge, the Mortgage Administration Agreement, the Note Purchase Agreement, the Kayl/Issuer Mortgage Sale Agreement, the Scottish Declaration of Trust and Scottish Trust Security, the Retention Letter, the Parent Share Trust Deed, the Parent Term Loan Agreement, the Paying Agency Agreement, the Trust Deed, the Issuer/ICSD Agreement and any other document agreed between the Issuer and the Trustee to be a Transaction Document;

"Transaction Interest Rate" means such interest rate in respect of the Transaction Account as may be agreed from time to time as set out in a separate fee letter between the Issuer and the Account Bank;

"Transaction Parties" means each of the following:

- (a) the Issuer;
- (b) the Trustee;
- (c) the Agents;
- (d) the Cash/Bond Administrator;
- (e) the Standby Cash/Bond Administrator;
- (f) the Mortgage Administrator;
- (g) the Mortgage Administration Facilitator;
- (h) the Legal Title-Holder;
- (i) the Legal Title-Holder Facilitator;
- (j) the Account Bank;
- (k) the Collection Accounts Provider;
- (l) the Corporate Services Provider; and

(m) the Seller;

"Transfer Agent" means Citibank, N.A., London Branch or any successor thereto;

"Transfers" means the Registered Land Transfers, the Unregistered Land Transfers, the Sasine Transfers and the SLR Transfers or such as are applicable;

"Treaty" means the Treaty on the functioning of the European Union (as amended);

"Trust Corporation" has the meaning given to it in the Trust Deed;

"Trust Deed" means the trust deed to be entered into between the Issuer and the Trustee on or about the Issue Date;

"Trust Documents" means the Trust Deed and the Deed of Charge and (unless the context requires otherwise) includes any deed or other document executed in accordance with the provisions of the Trust Deed or (as applicable) the Deed of Charge and expressed to be supplemental to the Trust Deed or the Deed of Charge (as applicable);

"Trustee" means Link Corporate Trustees (UK) Limited in its capacity as trustee for the Noteholders, Certificateholders and the other Secured Creditors or any successor thereto and for the Secured Creditors appointed in respect of the Security created pursuant to the Deed of Charge, any supplemental Deed of Charge and the Scottish Trust Security and such term shall include its successors and assigns;

"UNCITRAL Regulations" means the Cross Border Insolvency Regulations 2006, SI 2006/1030;

"Unfair Commercial Practices Directive" or **"UCP"** means the directive on unfair business-to-consumer commercial practices adopted by the European Parliament and the Council on 11 May 2005;

"Unpaid Items" has the meaning given to the term in each of the Bank Agreement and each Collection Account Agreement;

"Unregistered Land Transfers" means in the case of English Mortgages and Northern Irish Mortgages the transfers to be executed in relation to the Mortgage Pool which comprise Loans secured over Properties comprising unregistered land (excluding Properties the subject of applications for first registration at the Land Registry or the Land Registry of Northern Ireland (as applicable)) pursuant to the Kayl/Issuer Mortgage Sale Agreement;

"Unregulated BTL Agreements" means buy-to-let mortgage agreements wholly or predominantly for the purposes of a business carried on, or intended to be carried on, by the borrower;

"U.S.\$" are references to the lawful currency of the United States of America;

"U.S. Risk Retained Interest" has the meaning given to such term in the section entitled "U.S. Credit Risk Retention" of the Prospectus;

"**U.S. Risk Retention Rules**" means the credit risk retention regulations implemented by the SEC pursuant to Section 15G of the Securities Exchange Act of 1934, as amended;

"**US-UK IGA**" has the meaning given to such term in the section entitled "*U.S. Foreign Account Tax Compliance*" in the Prospectus;

"**UTCCR**" means the 1999 Regulations and (in so far as applicable) the Unfair Terms in Consumer Contracts Regulations 1994;

"**VAT**" shall be construed as a reference to value added tax as that term is used in the Value Added Tax Act 1994 and all subsequent amendments thereto, and shall include any similar tax which may be imposed in addition thereto or in place thereof from time to time, and the term "**value added tax**" shall be construed accordingly;

"**Verified Noteholder**" means a Noteholder which has satisfied the Trustee or any other relevant Transaction Party that it is a Noteholder in accordance with Notes Condition 11(h) (Evidence of Notes);

"**Warehouse Borrower**" means NVG Portman Square Limited;

"**Warranties**" means, in relation to the Loans, the representations, warranties and undertakings referred to in clause 7 (Warranties and Representations) of the Kayl/Issuer Mortgage Sale Agreement and each a "**Warranty**";

"**Weighted Average Original LTV**" means, in respect of the Loans in the Mortgage Pool, the weighted average of the original loan balance divided by the property valuation against which the Loan was underwritten;

"**X1 Global Note**" means the Global Note representing the X1 Notes, which will be substantially in the form set out in Schedule 1 (Form of Global Note) to the Trust Deed and which is intended to be held in a manner which would allow Eurosystem eligibility;

"**X1 Noteholder**" means the persons who are for the time being holders of the X1 Notes;

"**X1 Notes**" means the £6,340,000 Class X1 mortgage backed floating rate notes due September 2065 and, unless stated to the contrary, all references to "**X1 Note**" shall be construed as a reference to such Note whether in global or definitive form;

"**X1 Residual Amount**" has the meaning given to such term in Notes Condition 4(i) (Deferral of Interest);

"**X2 Global Note**" means the Global Note representing the X2 Notes, which will be substantially in the form set out in Schedule 1 (Form of Global Note) to the Trust Deed and which is intended to be held in a manner which would allow Eurosystem eligibility;

"**X2 Noteholder**" means the persons who are for the time being holders of the X2 Notes;

"**X2 Notes**" means the £3,180,000 Class X2 mortgage backed floating rate notes due September 2065 and, unless stated to the contrary, all references to "**X2 Note**" shall be construed as a reference to such Note whether in global or definitive form;

"**X2 Residual Amount**" has the meaning given to such term in Notes Condition 4(i) (Deferral of Interest);

"**Z Global Note**" means the Global Note representing the Z Notes, which will be substantially in the form set out in Schedule 1 (Form of Global Note) to the Trust Deed and which is intended to be held in a manner which would allow Eurosystem eligibility.

"**Z Noteholder**" means the persons who are for the time being holders of the Z Notes;

"**Z Notes**" means the £9,530,000 Class Z mortgage backed zero coupon notes due September 2065 and, unless stated to the contrary, all references to "**Z Note**" shall be construed as a reference to such Note whether in global or definitive form;

2. INTERPRETATION

Each of the parties hereto agrees that in any agreement, deed or other document expressly stating that it shall be construed and interpreted in accordance with the provisions of this Clause 2 (a "**Relevant Document**"):

2.1 references to:

2.1.1 such Relevant Document:

(a) are to such Relevant Document (as from time to time altered in accordance with such Relevant Document) and any other document executed in accordance with such Relevant Document (as from time to time so altered) and expressed to be supplemental to such Relevant Document; and

(b) include its Schedules and references to paragraphs, Clauses, Recitals, or Schedules are (unless specified otherwise) references to such provisions of such Relevant Document;

2.1.2 any other agreement, deed, instrument, licence, code or other document, or to a provision contained in any of these, shall be construed, at the particular time, as a reference to it as it may then have been amended, varied, supplemented, modified, suspended, assigned or novated;

2.1.3 any party to any Transaction Document include its successors in title, permitted assigns, permitted assignees and permitted transferees;

2.1.4 "**Notes**" are to the Notes for the time being outstanding and include any replacement Notes issued pursuant to the Conditions and, where the context so admits, the Global Notes;

2.1.5 "**Euroclear**" and/or "**Clearstream, Luxembourg**" include any additional or alternative clearing system approved by the Issuer, the Trustee and the

Principal Paying Agent and permitted to hold the Global Notes, **provided that** such alternative clearing system must be authorised to hold the Global Notes as eligible collateral for Eurosystem monetary policy and intra day credit operations;

- 2.1.6 the records of Euroclear and Clearstream, Luxembourg are to the records that each of Euroclear and Clearstream, Luxembourg holds for its customers which reflect the amount of such customers' interests in the Notes;
 - 2.1.7 an action, remedy or method of judicial proceedings for the enforcement of creditors' rights include references to the action, remedy or method of judicial proceedings in jurisdictions other than England as shall most nearly approximate thereto;
 - 2.1.8 a statute or statutory provision include that statute or provision as from time to time modified, re enacted or consolidated;
 - 2.1.9 a "**judgment**" include any order, injunction, determination, decree, award or other judicial or arbitral measure in any jurisdiction;
 - 2.1.10 a "**person**" include any company, partnership or unincorporated association (whether or not having separate legal personality);
 - 2.1.11 a "**company**" include any company, corporation or any body corporate, wherever incorporated;
 - 2.1.12 "**assets**" include present and future properties, revenues and rights of every description;
 - 2.1.13 "**indebtedness**" include any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;
 - 2.1.14 a "**regulation**" include any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self regulatory or other authority or organisation;
 - 2.1.15 "**the service of an Enforcement Notice**" mean the giving of an Enforcement Notice to the Issuer in accordance with the Deed of Charge;
 - 2.1.16 "**set off**" shall be deemed to include analogous rights in other relevant jurisdictions; and
 - 2.1.17 "**agreed draft**" means, in relation to any document, the draft of the document which has been agreed between the parties hereto and initialled on their behalf for the purpose of identification subject to any amendments agreed between the parties;
- 2.2 use of the singular shall include the plural and *vice versa*;

- 2.3 headings are for ease of reference only and shall be ignored in interpreting such Relevant Document;
- 2.4 all notices to be given by any Party and all other communications and documentation which are in any way relevant to such Relevant Document or the performance or termination of such Relevant Document shall be in the English language;
- 2.5 any term that is particular to the law of Scotland shall be construed in accordance with Scots law and any term that is particular to the law of Northern Ireland shall be construed in accordance with Northern Irish law;
- 2.6 in respect of assets, rights and interests governed by Scots law, any references in the Transaction Documents to (i) "beneficial title" shall be construed as references to the beneficial interest therein pursuant to a declaration of trust, (ii) "beneficially owned" shall be construed as references to holding the beneficial interest therein pursuant to a declaration of trust, (iii) "beneficial owner" shall be construed as the holder of the beneficial interest therein pursuant to a declaration of trust, (iv) "legal interest" shall be construed as references to the whole right and title of the proprietor, heritable creditor or creditor thereof, other than the beneficial interest and (v) "legal owner" shall be construed as "owner"; and
- 2.7 an assignment, a transfer and/or a sale in relation to any Loan and/or its related Mortgage and/or any Collateral Security transferred or to be transferred pursuant to the Transaction Documents shall, unless the context requires otherwise, in the context equivalent to the sale, transfer and equitable assignment of Scottish Loans and their Collateral Security, be construed to include a declaration of trust constituted by a Scottish Declaration of Trust in respect of any applicable Loans and/or their related Mortgages and their related Collateral Security and all rights and interests relative thereto and the terms assigned, assign, transferred, sell and sold shall be construed accordingly in the context of any Loan and/or their related Mortgages and their related Collateral Security as aforesaid;
- 2.8 the words "include" and "including" are to be construed without limitation; and
- 2.9 time shall be of the essence of such Relevant Document.

3. VARIATION

No variation of this Master Definitions Schedule shall be effective unless it is in writing and signed by (or by some person duly authorised by) the Issuer, the Seller, the Agents and the Trustee (each acting reasonably).