

# NEWGATE FUNDING PLC

(Incorporated with limited liability in England and Wales with registered number 5713910)

## Mortgages Backed Securities Programme Issue of Series 2007-3 Mortgage Backed Floating Rate Notes

	Initial Principal Amount	Ratings (Moody's/S&P/Fitch)	Interest Rate	Maturity	Issue Price
Class A1 .....	£300,000,000	P-1/A-1+/F1+ Aaa/AAA/AAA	LIBOR +0.60% <sup>1</sup>	15 December 2050	100 per cent.
Class A2b .....	€399,000,000	Aaa/AAA/AAA	EURIBOR +0.60%	15 December 2050	100 per cent.
Class A3 .....	£148,100,000	Aaa/AAA/AAA	LIBOR +1.00%	15 December 2050	100 per cent.
Class Ba .....	£31,200,000	Aa2/AA/AA-	LIBOR +1.25%	15 December 2050	100 per cent.
Class Bb .....	€42,000,000	Aa2/AA/AA-	EURIBOR +1.25%	15 December 2050	100 per cent.
Class Cb .....	€44,000,000	A3/A/A-	EURIBOR +1.50%	15 December 2050	100 per cent.
Class D .....	£12,750,000	Baa3/BBB/BBB+	LIBOR +3.00%	15 December 2050	100 per cent.
Class E .....	£11,500,000	Ba3/BBB-/BBB-	LIBOR +4.50%	15 December 2050	100 per cent.

1. The Interest Rate on the Class A1 Notes may vary on an annual basis in accordance with Condition 6(b) (*Interest on Floating Rate Notes*) and Condition 9(j) (*Mandatory Transfer of Class A1 Notes*).

Application has been made to the Irish Financial Services Regulatory Authority (**Financial Regulator**), as competent authority under EU Directive 2003/71/EC (the **Prospectus Directive**), for this Supplement to be approved. Application has been made to the Irish Stock Exchange Limited (the **Irish Stock Exchange**) for the Notes to be admitted to the Official List and trading on its regulated market. Approval of the Financial Regulator relates only to the Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of EU Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area. This Supplement comprises a prospectus for the purposes of the Prospectus Directive. Reference throughout this document to "Supplement" shall be taken to read "Prospectus". This Supplement is a supplement to the offering circular dated 14 March 2007 (the **Offering Circular**, which Offering Circular comprises a base prospectus for the purposes of the Prospectus Directive), prepared in connection with a mortgages backed securities programme established by Newgate Funding Plc (the **Issuer**) on 29 March 2006 (the **Programme**).

This Supplement is supplemental to, and should be read in conjunction with, the Offering Circular and relating to the Series of Notes to be issued pursuant hereto (the **Series**) and the Series Portfolio described herein. The Offering Circular is incorporated by reference into this Supplement. Unless the context otherwise requires, terms defined in the Offering Circular shall have the same meaning when used in this Supplement. Certain Series specific capitalised terms used in this Supplement have the meaning set out in the Index of Defined Terms at the back of this Supplement.

This Supplement has been prepared for the purpose of giving information about the issue of the Series 2007-3 Mortgage Backed Floating Rate Notes by the Issuer which will comprise the Class A1 Notes, the Class A2b Notes, the Class A3 Notes (and together with the Class A1 Notes and the Class A2b Notes, the **Class A Notes**), the Class Ba Notes, the Class Bb Notes (and together with the Class Ba Notes, the **Class B Notes**), the Class Cb Notes, the Class D Notes and the Class E Notes (together, the **Notes**). The holders of the Notes shall be defined as the **Noteholders**. The Class A2b Notes, the Class Bb Notes and the Class Cb Notes shall be the **Euro Notes**. The Class A1 Notes will be subject to remarketing and conditional purchase provisions as described herein (the **Remarketable Notes**).

The Notes will be issued on or about 20 December 2007 (the **Issue Date**).

In addition, on the Issue Date, the Issuer will issue Series 2007-3 Mortgage Early Repayment Certificates due 15 December 2050 (the **Series MERCs** and the holders thereof, the **Series MERC Holders**), Series 2007-3 Residual Certificates due 15 December 2050 (the **Series Residuals** and the holders thereof, the **Series Residual Holders**) and Series 2007-3 Interest Rate Cap Certificates due 15 December 2050 (the **Series Interest Rate Cap Certificates** and the holders thereof, the **Series Interest Rate Cap Certificate Holders**). The Series MERCs, the Series Residuals and the Series Interest Rate Cap Certificates are not being offered by this Supplement or by the Offering Circular.

Any investment in the Notes does not have the status of a bank deposit and is not within the scope of the deposit protection scheme operated by the Financial Regulator.

**An investment in the Notes involves certain risks. The risks in this Supplement are the same as those set out in the Offering Circular. For a discussion of these risks see "Risk Factors" in the Offering Circular.**

Programme Arranger

**MERRILL LYNCH INTERNATIONAL**

Joint Lead Managers

Merrill Lynch International

The Royal Bank of Scotland plc

The date of this Supplement is 20 December 2007.

Other than in respect of the sections headed “*The Remarketing Agent and the Conditional Note Purchaser*” and “*The Series Currency Swap Provider*” below, the Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Issuer (which it has taken reasonable care to ensure that such is the case) the information contained in this Supplement (other than in respect of the section headed “*The Remarketing Agent and the Conditional Note Purchaser*” and “*The Series Currency Swap Provider*”) is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Supplement is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “*Documents Incorporated by Reference*”). This Supplement shall be read and construed on the basis that such documents are incorporated and form part of this Supplement.

None of the Programme Arranger, the Dealers in respect of the Series, the Series Liquidity Facility Provider, the Remarketing Agent (except as described below), the Conditional Note Purchaser (except as described below), the Series Note Trustee or the Security Trustee has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Programme Arranger, the Dealers in respect of the Series, the Series Liquidity Facility Provider, the Remarketing Agent, the Conditional Note Purchaser, the Series Note Trustee or the Security Trustee as to the accuracy or completeness of the information contained or incorporated in this Supplement or any other information provided by the Issuer in connection with the Programme. None of the Programme Arranger, the Dealers of the Series, the Series Liquidity Facility Provider, the Remarketing Agent, the Conditional Note Purchaser, the Series Note Trustee or the Security Trustee accepts any liability in relation to the information contained or incorporated by reference in this Supplement or any other information provided by the Issuer in connection with the Programme.

No person is or has been authorised by the Issuer, the Programme Arranger, the Dealers in respect of the Series, the Series Note Trustee or the Security Trustee to give any information or to make any representation not contained in or not consistent with this Supplement or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Programme Arranger, the Dealers in respect of the Series, the Series Note Trustee or the Security Trustee.

The Royal Bank of Scotland plc accepts responsibility for the information contained in the section headed “*The Remarketing Agent and the Conditional Note Purchaser*”, below. To the best of the knowledge and belief of The Royal Bank of Scotland plc (which it has taken reasonable care to ensure that such is the case) the information contained in the section referred to above is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by The Royal Bank of Scotland plc as to the accuracy or completeness of any information contained in this Supplement (other than the information mentioned above) or any other information supplied in connection with the Notes or their distribution.

Barclays Bank PLC accepts responsibility for the information contained in the section headed “*The Series Currency Swap Provider*”, below. To the best of the knowledge and belief of Barclays Bank PLC (which it has taken reasonable care to ensure that such is the case) the information contained in the section referred to above is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Barclays Bank PLC as to the accuracy or completeness of any information contained in this Supplement (other than the information mentioned above) or any other information supplied in connection with the Notes or their distribution.

Neither this Supplement nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a

recommendation by the Issuer, the Series Portfolio Seller, the Programme Arranger, the Dealers in respect of the Series, the Remarketing Agent, the Conditional Note Purchaser, the Series Note Trustee or the Security Trustee that any recipient of this Supplement or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Supplement nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, the Series Portfolio Seller, the Programme Arranger, the Dealers in respect of the Series, the Remarketing Agent, the Conditional Note Purchaser, the Series Note Trustee or the Security Trustee to any person to subscribe for or to purchase any Notes.

This Supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of this Supplement in any jurisdiction where such action is required.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), and may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons unless such securities are registered under the Securities Act or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes may be offered and sold outside the United States to non-U.S. persons pursuant to the requirements of Regulation S under the Securities Act or within the United States in reliance on Rule 144A under the Securities Act (**Rule 144A**) to qualified institutional buyers as defined therein (**Qualified Institutional Buyers** or **QIBs**).

#### **CIRCULAR 230 NOTICE**

Any U.S. federal tax discussion in this Supplement was not intended or written to be used, and cannot be used, by any taxpayer for purposes of avoiding U.S. federal income tax penalties that may be imposed on the taxpayer. Any such tax discussion was written to support the promotion or marketing of the Notes to be issued or sold pursuant to this Supplement. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax adviser.

Notwithstanding anything herein to the contrary, from the commencement of discussions with respect to the transaction contemplated by this Supplement, all persons may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transaction described herein and all materials of any kind (including opinions and other tax analyses) that are provided to such persons relating to such tax treatment and tax structure, except to the extent that any such disclosure could reasonably be expected to cause this offering not to be in compliance with securities laws. For purposes of this paragraph, the tax treatment of this transaction is the purported or claimed U.S. federal income tax treatment of this transaction and the tax structure of this transaction is any fact that may be relevant to understanding the purported or claimed U.S. federal income tax treatment of this transaction.

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## ADDITIONAL INFORMATION

### United Kingdom Taxation

In addition to the disclosure under “*United Kingdom Taxation*” in the Offering Circular, from the date hereof to the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in or incorporated by reference in the Offering Circular, the statements in this Supplement will prevail.

In particular the following sections:

- (a) on page 238 of the Offering Circular, references to:

“the lower rate”

for this Series 2007-3 now reads as:

“the savings rate”

- (b) on page 238 of the Offering Circular, the following paragraph for this Series 2007-3 is inserted after the second paragraph:

“The United Kingdom Finance Bill 2007 contains a proposed new statutory meaning of references to securities which are “listed” on a recognised stock exchange. The draft legislation provides that securities will be treated as listed on a recognised stock exchange if (and only if) they are admitted to trading on that exchange and either they are included in the United Kingdom official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange. It is understood that this new definition is not intended to alter the position described above in respect of securities that are listed and admitted to trading on a market of a stock exchange which was already designated as a recognised stock exchange before 21 March 2007.”

- (c) on page 239 of the Offering Circular, the following paragraph for this Series 2007-3 is inserted at the end of paragraph E:

“The above paragraphs of this paragraph E do not apply in the case of Notes which are deeply discounted securities. A disposal, including a redemption, of such Notes by an individual Noteholder may give rise to a charge to income tax on any profit made by the Noteholder.”

### Mortgages Plc

In addition to the disclosure under “*Mortgages Plc*” in the Offering Circular, from the date hereof to the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in or incorporated by reference in the Offering Circular, the statements in this Supplement will prevail.

In particular the following sections:

- (a) on page 150 of the Offering Circular, in the third paragraph:

“Since its inception in 1997, the Subsidiary has originated over £3 billion in loans, £1 billion of which were originated in 2005 alone. As of September 2004, the Subsidiary maintains an in-house mortgage administration system and services the loans it originates. The Subsidiary services the loans upon

completion of the loan, which includes monthly collections, redemptions and arrears management. The Subsidiary's total staff count as of February 2006 was 215."

for this Series 2007-3 now reads:

"Since its inception in 1997, the Subsidiary has originated over £6 billion in loans, £1.8 billion of which were originated in 2006 alone. As of September 2004, the Subsidiary maintains an in-house mortgage administration system and services the loans it originates. The Subsidiary services the loans upon completion of the loan, which includes monthly collections, redemptions and arrears management. The Subsidiary's total staff count as of October 2007 was 380."

(b) on page 150 of the Offering Circular, in the fifth paragraph:

"The Subsidiary has been engaged in 10 prior securitisations of residential mortgage loans, ranging from the £178 million issuance of residential mortgage-backed securities for Mortgages No 1 Plc in 2000 to the £750 million issuance of residential mortgage-backed securities for Mortgages No 7 Plc in 2005 and the three issuances of residential mortgage-backed securities for the Issuer in 2006."

for this Series 2007-3 now reads:

"The Subsidiary has been engaged in 12 prior securitisations of residential mortgage loans, ranging from the £178 million issuance of residential mortgage-backed securities for Mortgages No 1 Plc in 2000 to the £750 million issuance of residential mortgage-backed securities for Mortgages No 7 Plc in 2005, the three issuances of residential mortgage-backed securities for the Issuer in 2006 and the two issuances of residential mortgage-backed securities for the Issuer in 2007."

#### **Merrill Lynch & Co., Inc.**

In addition to the disclosure under "*Merrill Lynch & Co., Inc.*" in the Offering Circular, from the date hereof to the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in or incorporated by reference in the Offering Circular, the statements in this Supplement will prevail.

In particular on page 153 of the Offering Circular, the second paragraph:

"Merrill Lynch & Co., Inc. is a holding company that, through its subsidiaries and affiliates such as Merrill Lynch, Pierce, Fenner & Smith Incorporated, Merrill Lynch Government Securities, Inc., Merrill Lynch Capital Services, Inc., Merrill Lynch International, Merrill Lynch Investment Managers, L.P., Merrill Lynch Investment Managers Limited, Merrill Lynch Bank USA, Merrill Lynch Bank & Trust Company (Cayman) Limited, MLIB, Merrill Lynch Japan Securities Co., Ltd., Merrill Lynch Canada Inc. and Merrill Lynch Insurance Group, Inc., provides broker-dealer, investment banking, financing, wealth management, advisory, asset management, insurance, lending and related products and services on a global basis, including:"

for this Series 2007-3 now reads:

"Merrill Lynch & Co., Inc. is a holding company that, through its subsidiaries and affiliates such as Merrill Lynch, Pierce, Fenner & Smith Incorporated, Merrill Lynch Government Securities, Inc., Merrill Lynch Capital Services, Inc., Merrill Lynch International, Merrill Lynch Investment Managers, L.P., Merrill Lynch Investment Managers Limited, Merrill Lynch Bank USA, Merrill Lynch Bank & Trust Company (Cayman) Limited, MLIB, Merrill Lynch Japan Securities Co., Ltd. and Merrill Lynch Canada Inc. provides broker-dealer, investment banking, financing, wealth management, advisory, asset management, insurance, lending and related products and services on a global basis, including:"

## The Series Portfolios

In addition to the disclosure under “*The Series Portfolios*” in the Offering Circular, from the date hereof to the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in or incorporated by reference in the Offering Circular, the statements in this Supplement will prevail.

In particular the following sections:

- (a) on page 169 of the Offering Circular, the following table is inserted immediately before the table relating to the Early Repayment Charge Level for 2 Year Fixed Rate Loans:

**Early Repayment Charge Level  
1 Year Fixed Rate or BBR Mortgages**

Year of Repayment after the Completion Date of the Loan	Amount of Compensation by Reference to the Loan
1	8 per cent. of amount redeemed

- (b) on page 171, under the section headed “*Insurance Contracts*”, the following paragraph is inserted immediately after the paragraph headed “*Title Insurance*”:

As part of the legal process, it is a requirement for the solicitor acting on behalf of the Series Originator to comply with certain requirements, including those prescribed in the Council of Mortgage Lenders Handbook (Part 2) and the equivalent in Scotland and Northern Ireland, including conducting local authority searches (or the equivalent in Scotland and Northern Ireland) to determine, for example, whether there are planned developments that could impact the value of the Property. With respect to Loans originated from Mortgages PLC Direct (Mortgages Plc’s direct to consumer arm), local authority searches (or their equivalent) are carried out with respect to new purchases but not with respect to remortgages. In the case of remortgages, any reduction in the value of the Property resulting from an issue that would have been identified in a local authority search (or its equivalent) will be covered by an indemnity insurance policy provided by AXA Insurance UK PLC. The Issuer and the Security Trustee will have the benefit of the rights or interest of the Series Originator in this policy. This covers under 4% of Loans within the Series Portfolio.

- (c) on page 173 of the Offering Circular, paragraph (c) under the section “*Security*”:

“(c) Properties under 10 years old will have the benefit of a NHBC or architect’s certificate, Foundation 15 or Zurich New Building Certificate.”

for this Series 2007-3 now reads:

“(c) Properties under 10 years old will have the benefit of a NHBC or architect’s certificate, Foundation 15, Zurich New Building Certificate or Premier Guarantee.”

- (d) on page 173 of the Offering Circular, paragraph (d) (iv) (E) under the section “*Security*”:

“(E) a maximum of four floors in the block;”

for this Series 2007-3 now reads:

“(E) a maximum of five floors in the block;”

- (e) on page 173 of the Offering Circular, paragraph (d) (vi) under the section “*Security*”:



“(vi) Flats where there are more than five storeys in the block, except in London and the South East where they can be referred to an Underwriting Team Leader or Credit Department;”

for this Series 2007-3 now reads:

“(vi) Flats where there are more than eight storeys in the block, unless they are covered by a certificate as mentioned in (c) above;”

- (f) on page 174 of the Offering Circular, the paragraph under the section “*Term*”:

“Each Loan must have an initial term of a maximum of 30 years subject to full repayment by the date on which the Borrower reaches 75 years and 3 months of age and/or there being at least 35 years left on a lease at the end of the term in the case of leasehold security.”

for this Series 2007-3 now reads:

“Each Loan must have an initial term of a maximum of 40 years subject to full repayment by the date on which the Borrower reaches 75 years and 3 months (85 years for Buy to Let) of age and/or there being at least 35 years left on a lease at the end of the term in the case of leasehold security.”

- (g) on page 175 of the Offering Circular, paragraph (d) under the section “*Borrowers*”:

“Where a County Court Judgment (or its Scottish or Northern Irish equivalent) other than a County Court Judgement under £100 (a **CCJ**) registered by a preferred creditor, relating to a Borrower has been revealed by the credit reference search or instalment arrears have been revealed by lenders’ or landlords’ references or a Borrower has been subject to a Bankruptcy Order or its Scottish or Northern Irish equivalent (a **BO**) or an Individual Voluntary Arrangement (an **IVA**), explanations must have been provided (except in the case of CCJs unless such judgment related to preferred creditors). No explanation is required for arrears.”

for this Series 2007-3 now reads:

“Where a County Court Judgment (or its Scottish or Northern Irish equivalent) other than a County Court Judgement under £100 (a **CCJ**) registered by a preferred creditor, relating to a Borrower has been revealed by the credit reference search or instalment arrears have been revealed by a lenders’ or landlords’ references or a Borrower has been subject to an Individual Voluntary Arrangement (an **IVA**), explanation must have been provided (except in the case of CCJs unless such judgment related to preferred creditors). No explanation is required for arrears.”

- (h) on page 175 of the Offering Circular, paragraph (b) under the section “*Income*”:

“In the vast majority of cases, the principal amount advanced will not exceed three and one-half times the assessed income of the Borrower or if more than one Borrower, three times the assessed income of the primary Borrower plus one times the assessed income of any second, third or fourth Borrower(s), or three times the combined assessed incomes of the primary and secondary Borrowers plus one times the assessed income of any third or fourth Borrowers.”

for this Series 2007-3 now reads:

“The principal amount advanced will not exceed three and one-half times the assessed income of the Borrower or if more than one Borrower, three times the assessed income of the primary Borrower plus one times the assessed income of any second, third or fourth Borrower(s), or three times the combined assessed incomes of the primary and secondary Borrowers plus one times the assessed income of any third or fourth Borrowers.”



(i) on page 176 of the Offering Circular, paragraph (c) under the section “*Income*”:

“(c) However, from 2005 MG has introduced a scheme where loans are based on affordability and not income multiples (the **Affordability Loan Product**). Affordability is determined through the use of a calculator that takes account of fixed liabilities, current taxation, number of dependents and cost of living as well as applying an interest rate stress test. This allows flexibility in the borrowing capability of the net income and does not restrict the loan amount to standard multiples. In such cases, income must be verified by one of the afore-mentioned methods.”

for this Series 2007-3 now reads:

“(c) However, from 2006 MG has introduced a scheme where loans are based on affordability and not income multiples (the **Affordability Loan Product**). Affordability is determined through the use of a calculator that takes account of fixed liabilities, current taxation, number of dependents and cost of living as well as applying an interest rate stress test. This allows flexibility in the borrowing capability of the net income and does not restrict the loan amount to standard multiples. Prior to April 2007 income had to be verified by one of the afore-mentioned methods. From April 2007 the calculation has been introduced for self-certified income cases.”

(j) on page 176 of the Offering Circular, paragraph (a) under the section “*Employed – Self-Certification of Income*”:

“further advances or product switches for existing customers who have an established and good payment history with the Series Originator;”

for this Series 2007-3 now reads:

“further advances for existing customers who have an established and good payment history with the Series Originator;”

(k) on page 177 of the Offering Circular, the section “*Further Advances*”:

“Further Advances are governed by the same criteria as initial advances with the following additions:

- (a) at least six months must have elapsed since completion of the initial advance; and
- (b) repayments on the Loan must be up to date.

For the avoidance of doubt, the above additional criteria applicable to Further Advances shall not apply to Retentions.”

for this Series 2007-3 now reads:

“Further Advances are governed by the same criteria as initial advances with the following additions:

- (a) at least six months must have elapsed since completion of the initial advance;
- (b) repayments on the Loan must be up to date; and
- (c) the Series Originator having provided prior notification to the Rating Agencies that the making of such Further Advance will not cause the weighted average full reversionary margin of the Series Portfolio to be less than 90% of the weighted average full reversionary margin of the Series Portfolio as at the Issue Date (and as calculated at the Issue Date) provided that the Series Originator is not required to provide any notification where not to make such Further

Advance may constitute a breach by it of Principle 6 of the FSA Principles for Businesses in the FSA Handbook.

For the avoidance of doubt, the above additional criteria applicable to Further Advances shall not apply to Retentions.”

- (l) on page 179 of the Offering Circular, paragraph (c) under the section “*Buy to Let Loans*”:

“(c) that rental payment received by the Borrower in respect of the relevant Property is at least 100 per cent. of the Borrower’s monthly payment under the Loan after expiry of any initial discount allowance; and”

for this Series 2007-3 now reads:

“(c) that rental payment received by the Borrower in respect of the relevant Property is at least 120 per cent. of the Borrower’s initial fixed or discounted monthly payment under the Loan on an interest only basis;”

- (m) on page 179 of the Offering Circular, the following paragraph is inserted immediately after paragraph (d) under the section “*Buy to Let Loans*”:

“(e) the maximum age at the end of the term must be no more than 85 years.”

### **Credit Structure**

In addition to the disclosure under “*Credit Structure*” in the Offering Circular, from the date hereof, to the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in or incorporated by reference in the Offering Circular, the statements in this Supplement will prevail.

- (a) on page 218 of the Offering Circular, paragraph (e) under the section “*Series Permitted Withdrawals*”:

“(e) if any amount has been received from a Borrower for the express purpose of payment being made by the Issuer to a third party for the provision of a service (including giving insurance cover) to either that Borrower or the Issuer to pay such amount when due to such third party or, in the case of the payment of an insurance premium, where such third party and a Series Portfolio Seller have agreed that payment of commission to a Series Portfolio Seller should be made by deduction from such insurance premium, to pay such amount less such commission when due to such third party and to pay such commission to a Series Portfolio Seller;”

for this Series 2007-3 now reads as:

“(e) if any amount has been received from a Borrower for the express purpose of payment being made by the Issuer to a third party for the provision of a service (including giving insurance cover) to either that Borrower or the Issuer, (i) to pay such amount when due to such third party or, in the case of the payment of an insurance premium, where such third party and a Series Portfolio Seller have agreed that payment of commission to a Series Portfolio Seller should be made by deduction from such insurance premium, to pay such amount less such commission when due to such third party and to pay such commission to a Series Portfolio Seller; or (ii) to pay such amount as soon as reasonably practicable to the Series Mortgage Administrator if the Series Mortgage Administrator has made such payments on behalf of the Issuer.”

- (b) on page 227 of the Offering Circular, the fifth paragraph under the section “*Series Liquidity Facility Agreements*”:

“If, at any time in respect of each Series: (i) the short term, unsecured and unsubordinated debt rating of the Series Liquidity Facility Provider falls below P-1 from Moody's, A-1+ from S&P or F1 from Fitch or (ii) the Series Liquidity Facility Provider has its short term, unsecured and unsubordinated debt rating withdrawn by any of the Rating Agencies; or (iii) the Series Liquidity Facility Provider does not agree to grant an extension of the Series Liquidity Facility, the Issuer may forthwith draw down the entirety of the undrawn portion of the Series Liquidity Facility and credit such amount to the Series Liquidity Ledger in respect of the relevant Series. The date upon which such amount is drawn down is the Liquidity Drawdown Date in respect of the relevant Series. Interest will be payable by the Issuer on the amount of any such draw down as if it were any other draw down under the relevant Series Liquidity Facility Agreement.”

for this Series 2007-3 now reads as:

“If, at any time in respect of each Series: (i) the short term, unsecured and unsubordinated debt rating of the Series Liquidity Facility Provider (if rated) and any guarantor falls below P-1 from Moody's, A-1 from S&P or F1 from Fitch or (ii) the Series Liquidity Facility Provider (if rated) and any guarantor has its short term, unsecured and unsubordinated debt rating withdrawn by any of the Rating Agencies; or (iii) the Series Liquidity Facility Provider does not agree to grant an extension of the Series Liquidity Facility, the Issuer may forthwith draw down the entirety of the undrawn portion of the Series Liquidity Facility and credit such amount to the Series Liquidity Ledger in respect of the relevant Series. The date upon which such amount is drawn down is the **Liquidity Drawdown Date** in respect of the relevant Series. Interest will be payable by the Issuer on the amount of any such draw down as if it were any other draw down under the relevant Series Liquidity Facility Agreement.”

## **Risk Factors**

In addition to the disclosure under “*Risk Factors*” in the Offering Circular, from the date hereof to the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in or incorporated by reference in the Offering Circular, the statements in this Supplement will prevail.

In particular the following sections:

- (a) on page 57 of the Offering Circular, the second paragraph under the section “*Consumer Credit Act 1974*”:

“Currently, a credit agreement is regulated by the CCA where: (a) the borrower is or includes an individual, a partnership or other incorporated body of persons not consisting entirely of bodies corporate; (b) the amount of “credit” as defined in the CCA does not exceed the financial limit, which is £25,000 for credit agreements made on or after 1 May 1998, or lower amounts for credit agreements made before that date; and (c) the credit agreement is not an exempt agreement under the CCA.”

for this Series 2007-3 now reads:

“Currently, a credit agreement is regulated by the CCA where: (a) the borrower is or includes an “individual” as defined in the CCA; (b) the amount of “credit” as defined in the CCA does not exceed the financial limit, which is £25,000 for credit agreements made on or after 1 May 1998, or lower amounts for credit agreements made before that date; and (c) the credit agreement is not an exempt agreement under the CCA.”

- (b) on page 57 of the Offering Circular, the fourth paragraph under the section “*Consumer Credit Act 1974*”:

“Any credit agreement that is wholly or partly regulated by the CCA or treated as such has to comply with requirements under the CCA as to licensing of lenders and brokers, documentation and

procedures of credit agreements, and (in so far as applicable) pre-contract disclosure. If it does not comply with those requirements, then to the extent that the credit agreement is regulated by the CCA or treated as such, it is unenforceable against the borrower:

- (i) without an order of the OFT, if requirements as to licensing of lenders and brokers are not met;
- (ii) totally, if the form to be signed by the borrower is not signed by the borrower personally or omits or mis-states a “prescribed term”; or
- (iii) without a court order in other cases and, in exercising its discretion whether to make the order, the court would take into account any prejudice suffered by the borrower and any culpability of the lender.”

for this Series 2007-3 now reads:

“Any credit agreement that is wholly or partly regulated by the CCA or treated as such has to comply with requirements under the CCA as to licensing of lenders and brokers, documentation and procedures of credit agreements, and (in so far as applicable) pre-contract disclosure. If it does not comply with those requirements, then to the extent that the credit agreement is regulated by the CCA or treated as such, it is unenforceable against the borrower:

- (i) without an order of the OFT, if requirements as to licensing of lenders and brokers are not met;
- (ii) totally, for agreements entered into before 6 April 2007, if the form to be signed by the borrower is not signed by the borrower personally or omits or mis-states a “prescribed term”; or
- (iii) without a court order in other cases and, in exercising its discretion whether to make the order, the court would take into account any prejudice suffered by the borrower and any culpability of the lender.”

- (c) on page 58 of the Offering Circular, the second and third paragraphs under the section “*Consumer Credit Reform*”:

“The Consumer Credit Act was enacted on 30 March 2006 under which the CCA will be amended by, *inter alia*: (a) removing the financial limit for consumer lending; and (b) repealing the rule that, to the extent that a credit agreement is regulated by the CCA or treated as such, it may be unenforceable totally. Once these changes come into force, then any Loan made or changed such that a new contract is entered into after this time, other than a Regulated Mortgage Contract under the FSMA or other exempt agreement under the CCA, will be regulated by the CCA. Such Loan will have to comply with requirements under the CCA as described above and, if it does not comply, it will be unenforceable without an order of the OFT or without a court order, as described above.

The CCA will also be amended by: (a) strengthening the licensing regime; (b) changing the grounds for challenging a credit agreement, from “extortionate credit bargain” to “unfair relationship” between the lender and the borrower, with retrospective effect on existing agreements, and explicitly imposing liability to repay the borrower on both the Series Originator and any assignee such as the Issuer; and (c) extending the jurisdiction of the Ombudsman to licence-holders under the CCA. The resulting amendments to the CCA will come into force as and when the Secretary of State for Trade and Industry so appoints. Further proposals to amend the CCA and secondary legislation made under it are expected at an unspecified time.”

for this Series 2007-3 now read:

“The Consumer Credit Act 2006 (CCA 2006) was enacted on 30 March 2006. As and when implemented, the CCA 2006 updates and augments the CCA by, *inter alia*: (a) from 6 April 2007, repealing the rule that, to the extent that a credit agreement is regulated by the CCA or treated as such, it may be unenforceable totally; and (b) from 6 April 2008, removing the financial limit for consumer lending. As and when these changes are in force, then any Loan made or changed such that a new contract is entered into after this time, other than a Regulated Mortgage Contract under the FSMA or other exempt agreement under the CCA, will be regulated by the CCA. Such Loan will have to comply with requirements under the CCA as described above and, if it does not comply, it will be unenforceable without an order of the OFT or without a court order, as described above.

The changes also cover:

- (i) strengthening the licensing regime;
- (ii) changing the grounds for challenging a credit agreement, from “extortionate credit bargain” to “unfair relationship” between the lender and the borrower, with retrospective effect on existing agreements, and explicitly imposing liability to repay the borrower on both the Series Originator and any assignee such as the Issuer; and
- (iii) extending the jurisdiction of the Ombudsman to licence-holders under the CCA.”

### **Subscription and Sale and Transfer and Selling Restrictions**

In addition to the disclosure under “*Subscription and Sale and Transfer and Selling Restrictions*” in the Offering Circular, from the date hereof to the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in or incorporated by reference in the Offering Circular, the statements in this Supplement will prevail.

In particular, the following sections:

- (a) on page 256, after the second paragraph, the following sentence is added:

“The Series 2007-3 Portfolio Seller may purchase some or all of some of the classes of Notes.”

- (b) on page 260 of the Offering Circular, the section “*Ireland*”:

“Each Dealer under the Programme Agreement has agreed that:

- (a) it will not underwrite the issue of, or place the Notes, otherwise than in conformity than with the provisions of the Irish Investment Intermediaries Act 1995 (as amended), including, without limitation, Sections 9 and 23 thereof and any codes of conduct rules made under Section 37 thereof and the provisions of the Investor Compensation Act 1998;
- (b) it will not underwrite the issue of, or place, the Notes, otherwise than in conformity with the provisions of the Irish Central Bank Acts 1942 1999 (as amended) and any codes of conduct rules made under Section 117(1) thereof; and
- (c) it will not underwrite the issue of, place or otherwise act in Ireland in respect of the Notes, otherwise than in conformity with the provisions of the Irish Market Abuse (Directive 2003/6/EC) Regulations 2005 and any rules issued by the Financial Regulator pursuant thereto.”

for this Series 2007-3 now reads:

“Each Dealer under the Series 2007-3 Subscription Agreement will agree that:

- (a) it will not underwrite the issue of, or place the Notes, otherwise than in conformity with the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 and 2), including, without limitation, Regulations 7 and 152 thereof or any codes of conduct issued in connection therewith, and the provisions of the Investor Compensation Act 1998;
- (b) it will not underwrite the issue of, or place, the Notes, otherwise than in conformity with the provisions of the Irish Central Bank Acts 1942 to 1999 (as amended) and any codes of conduct rules made under Section 117(1) thereof;
- (c) it will not underwrite the issue of, or place, or do anything in Ireland in respect of the Notes otherwise than in conformity with the provisions of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 and any rules issued under Section 51 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005, by the Irish Central Bank and Financial Services Regulatory Authority (the Financial Regulator); and
- (d) it will not underwrite the issue of, place or otherwise act in Ireland in respect of the Notes, otherwise than in conformity with the provisions of the Irish Market Abuse (Directive 2003/6/EC) Regulations 2005 and any rules issued under Section 34 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Financial Regulator.”

## RISK FACTORS

The risks associated with an investment in the Notes described in this Supplement are the same as those set out in the Offering Circular and in the section below. For a discussion of these risks set out in the Offering Circular see “*Risk Factors*” in the Offering Circular which are incorporated by reference into this Supplement.

### **Risks related to Remarketable Notes**

The Issuer will enter into a Remarketing Agreement and a Conditional Note Purchase Agreement in respect of the Remarketable Notes.

The ability of the Remarketing Agent to procure payment of the Transfer Price on any applicable Transfer Date will depend upon the Remarketing Agent either (a) procuring third party purchasers for all outstanding Remarketable Notes prior to the relevant Transfer Date and obtaining the Transfer Price from those third party purchasers or (b) exercising the Issuer’s rights under the Conditional Note Purchase Agreement to require the Conditional Note Purchaser to acquire all the Remarketable Notes and obtaining the Transfer Price from the Conditional Note Purchaser. Once the Conditional Note Purchaser has purchased all the Remarketable Notes, or if the Conditional Note Purchaser does not elect to renew its commitment to purchase the Remarketable Notes after the Transfer Date falling in December 2008 and a replacement remarketing agent and conditional note purchaser is not appointed, the Remarketable Notes will no longer be subject to any remarketing arrangements.

The short-term ratings of the Remarketable Notes will be dependent upon, among other things: (a) the then current ratings of the short-term unsecured and unsubordinated debt obligations of the Conditional Note Purchaser which are, at the date of this Supplement, A-1+ from S&P, P-1 from Moody’s and F1+ from Fitch, or any replacement conditional note purchaser which may be appointed from time to time. If the short-term ratings of the Conditional Note Purchaser are downgraded and the existing Conditional Note Purchaser is unable to find a replacement conditional note purchaser that meets certain eligibility criteria set out in the Conditional Note Purchase Agreement or obtain a guarantee of its obligations under the Conditional Note Purchase Agreement from an appropriately rated financial institution, then the short-term ratings of the Remarketable Notes may be downgraded. If a replacement conditional note purchaser is not appointed and a guarantee not obtained, the Conditional Note Purchaser will not be released from any of its obligations under the Conditional Note Purchase Agreement (including its obligation to purchase outstanding Remarketable Notes on a Transfer Date subject to the satisfaction of certain conditions) but it will not be required to take any other steps as a consequence of such downgrade.

There can be no assurance that the Remarketing Agent will be able to identify purchasers willing to acquire all of the outstanding Remarketable Notes on a Transfer Date. In such event the transfer of the Remarketable Notes would be dependent upon the ability of the Conditional Note Purchaser to pay the Transfer Price and acquire all of the outstanding Remarketable Notes.

You should consider carefully the risk posed if your Remarketable Notes cannot be remarketed on a Transfer Date and either (a) the conditions to the Conditional Note Purchaser’s obligation to purchase the Remarketable Notes are not satisfied (see “*Transaction Documents – Conditional Note Purchase Agreement – Conditions Precedent to Purchase*” below), (b) the Conditional Note Purchaser defaults on its obligation to purchase the Remarketable Notes under the Conditional Note Purchase Agreement or (c) the Conditional Note Purchaser is not required to purchase the Remarketable Notes (for example, if a Series Event of Default has occurred and is continuing three Business Days prior to the relevant Transfer Date). In those situations you may be unable to sell your Remarketable Notes on the relevant Transfer Date or at any other time.



**Lack of liquidity in the secondary market may adversely affect the market value of the Notes**

The secondary mortgage markets are currently experiencing disruptions resulting from reduced investor demand for mortgage loans and mortgage-backed securities and increased investor yield requirements for those loans and securities. As a result, the secondary market for mortgage-backed securities is experiencing limited liquidity. These conditions may improve, continue or worsen in the future.

Limited liquidity in the secondary market for mortgage-backed securities has had an adverse effect on the market value of mortgage-backed securities. Limited liquidity in the secondary market may continue to have an adverse effect on the market value of mortgage-backed securities, especially those securities that are more sensitive to credit or interest rate risk and those securities that have been structured to meet the investment requirements of limited categories of investors. Consequently, investors may not be able to sell their Notes readily. The market values of the Notes are likely to fluctuate. Any of these fluctuations may be significant and could result in significant losses to investors.

**Continuing increases in prevailing market interest rates and changes in product availability may adversely affect the performance and market value of the Notes**

Over the past two years and as a result of, among other things, increases in the Bank Base Rate, there has been a pattern of rising mortgage interest rates, resulting in borrowers with a mortgage loan subject to a variable rate of interest or with a mortgage loan for which the related interest rate adjusts following an initial fixed rate or low introductory rate, as applicable, being exposed to increased monthly payments as and when the related mortgage interest rate adjusts upward (or, in the case of a mortgage loan with an initial fixed rate or low introductory rate, at the end of the relevant fixed or introductory period). This increase in borrowers' required monthly payments, which (in the case of a mortgage loan with an initial fixed rate or low introductory rate) may be compounded by any further increase in the related mortgage interest rate during the relevant fixed or introductory period, ultimately may result in higher delinquency rates and losses in the future.

In addition, the Series Originator and other UK mortgage lenders have recently withdrawn a number of mortgage products from the market, tightened lending criteria on new lending and increased interest rates on new loans.

Borrowers seeking to avoid increased monthly payments by refinancing their mortgage loans may find it more difficult to find suitable replacement loans. Any decline in housing prices may also leave borrowers with insufficient equity in their homes to permit them to refinance. These events, alone or in combination, may contribute to higher delinquency rates and losses.

In the event that there is an increase in delinquency rates and/or a decline in house prices, the Series Servicer could vary the Enforcement Procedures in line with actions taken by a Prudent Mortgage Lender as it deems necessary to avoid losses where possible. These variations to the Enforcement Procedures could include, for example, restructuring payments by Borrowers. Such arrangements could reduce or delay the amount of losses that would otherwise be recognised and could affect the rate and amount of payments on the Notes.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the Irish Stock Exchange shall be incorporated in, and form part of, this Supplement:

- the independent auditor's report and the non-consolidated annual financial statements of the Issuer for the financial year ended 31 December 2006 including the information set out at the following pages in particular:

<u>Description</u>	<u>Pages of document incorporated by reference</u>
Balance Sheet .....	Page 7
Profit and Loss Account .....	Page 6
Accounting Principles and Notes .....	Pages 8 to 17
Audit Report .....	Page 5

Any other information not listed above but contained in such document is incorporated by reference for information purposes only.

Copies of documents incorporated by reference in this Supplement can be obtained (in hardcopy form) from the registered office of the Issuer and from the specified offices of the Series Paying Agents for the time being in London.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Supplement which is capable of affecting the assessment of any Notes, prepare a supplement to this Supplement or publish a new Supplement for use in connection with any subsequent issue of Notes.

## DESCRIPTION OF THE NOTES

In addition to the disclosure under “*Description of the Notes*” in the Offering Circular, the following is a description of the conditions relating to the Notes. Such summary should be read in conjunction with the information appearing elsewhere in this Supplement and the Offering Circular.

### Remarketable Notes

The Class A1 Notes issued by the Issuer will be subject to remarketing and conditional purchase provisions (the **Remarketable Notes**).

Remarketable Notes will be issued subject to the mandatory transfer arrangements referred to in the additional Condition 9(j) set out in the Note Terms in Annex 2 below, the Remarketing Agreement entered into between the Issuer and the Remarketing Agent (the **Remarketing Agreement**) and the Series Trust Deed (the **Mandatory Transfer**). Under the terms of the Mandatory Transfer, the Issuer will procure the purchase of all the Remarketable Notes on each Distribution Date specified in the Note Terms in Annex 2 to this Supplement as a Transfer Date (subject to adjustment for non-business days) (each such date being a **Transfer Date**) subject to no Remarketing Termination Event (other than a Remarketing Agent Termination Event (each as defined below)) having occurred. If a Remarketing Termination Event (other than a Remarketing Agent Termination Event) occurs, the Issuer will not be obliged to procure the purchase by any subsequent purchasers of such Remarketable Notes and the Remarketing Agent will not be obliged to further remarket such Notes. Upon payment of the Principal Amount Outstanding on such Remarketable Notes on the relevant Transfer Date (following the application of Actual Redemption Funds on that date) (the **Transfer Price**), all rights in respect of such Remarketable Notes will be transferred from the Noteholders of the relevant Remarketable Notes to or for the account of the Remarketing Agent (as defined below) or as designated by the Remarketing Agent.

Under the terms of the Remarketing Agreement, the Issuer will appoint The Royal Bank of Scotland plc as the remarketing agent (the **Remarketing Agent**) to act as its agent to use its best efforts to identify third party purchasers for the Remarketable Notes on each Transfer Date prior to the occurrence of a Remarketing Termination Event. If the Remarketing Agent is unable to obtain firm bids in respect of any outstanding Remarketable Notes from third party purchasers for all such Remarketable Notes then outstanding, then the Remarketing Agent on behalf of the Issuer shall give notice to The Royal Bank of Scotland plc (the **Conditional Note Purchaser**) under an agreement (the **Conditional Note Purchase Agreement**) to purchase all such Remarketable Notes. The obligation of the Conditional Note Purchaser to purchase such Remarketable Notes is subject to certain termination events under the Conditional Note Purchase Agreement (see “*Transaction Documents – Conditional Note Purchase Agreement*” below) and the transfer of the Remarketable Notes to the Conditional Note Purchaser will be dependent upon the ability of the Conditional Note Purchaser to pay the Transfer Price (see “*Risk Factors – Risks related to Remarketable Notes*” above). If a Remarketing Agent Termination Event occurs and a suitable replacement Remarketing Agent is not appointed on or before (twenty) 20 Business Days prior to a Transfer Date, or if a Series Event of Default has occurred and is continuing as at the first day of the Remarketing Period, the Remarketing Agent will serve a notice on the Conditional Note Purchaser requiring it to purchase all of the outstanding Remarketable Notes on the next following Transfer Date at the Transfer Price. The Conditional Note Purchaser will not be required to purchase the Remarketable Notes if a Series Event of Default has occurred and is continuing three Business Days prior to the relevant Transfer Date or any subsequent date thereafter. Any amounts paid to the Remarketing Agent by any third party or the Conditional Note Purchaser for the Remarketable Notes as part of the Mandatory Transfer will be held by the Remarketing Agent as client funds for the relevant purchaser.

The Remarketing Agent will have the ability to increase or decrease the Margin on the Remarketable Notes from that payable as at the Issue Date of the relevant Remarketable Notes on each Transfer Date in accordance with the Remarketing Agreement. In respect of any Transfer Date following successful remarketing of the Remarketable Notes, the Margin will be a percentage determined by the Remarketing Agent being the lowest margin at which all of the Remarketable Notes will be purchased by third parties on such Transfer Date which must be equal to or lower than 1.00% (the **Maximum Reset Margin**). If the Conditional Note Purchaser purchases the Remarketable Notes on any Transfer Date, the Margin applicable to such Remarketable Notes on and from such Transfer Date will equal the Maximum Reset Margin.

The Issuer may terminate the Remarketing Agreement in certain circumstances, see “*Transaction Documents – Remarketing Agreement*” below.

The Remarketing Agent will have the right to terminate the Remarketing Agreement and will have no further obligations thereunder in certain circumstances, see “*Transaction Documents – Remarketing Agreement*” below.

Certain risks relating to the purchase of Remarketable Notes by means of a Conditional Note Purchaser are described under “*Risk factors – Risks related to Remarketable Notes*” above.

## SERIES CREDIT STRUCTURE

In addition to the disclosure under “*Credit Structure*” in the Offering Circular, the following is a summary of the structure and credit arrangements underlying the Notes. Such summary should be read in conjunction with the information appearing elsewhere in this Supplement and the Offering Circular.

### Series Hedge Agreements

#### *Series Interest Rate Cap Agreement*

As described in the Offering Circular under “*Credit Structure – Series Interest Rate Cap Agreement*”, the Issuer will enter into an interest rate cap agreement (the **Series Interest Rate Cap Agreement**) with Merrill Lynch International Bank Limited at the Treasury Building, Lower Grand Canal Street, Dublin 2, Ireland as series interest rate cap provider (the **Series Interest Rate Cap Provider**) dated on or about the Issue Date in order to hedge against a possible rise in Note LIBOR.

Under the Series Interest Rate Cap Agreement, in relation to each Distribution Period, if on the first day of any Interest Period occurring prior to 15 December 2008, 3 month LIBOR exceeds 7.25%, then the Series Interest Rate Cap Provider will make a payment to the Issuer on each relevant Distribution Date determined by reference to a notional amount of 100% of the Principal Amount Outstanding of the Notes on the first day of such Interest Period. If on the first day of any Interest Period occurring on and after 15 December 2008 and prior to 15 December 2012, 3 month LIBOR exceeds 10.00%, then the Series Interest Rate Cap Provider will make a payment to the Issuer on each relevant Distribution Date determined by reference to a notional amount of the lesser of (i) 25% of the Principal Amount Outstanding of the Notes on the Issue Date and (ii) 100% of the Principal Amount Outstanding of the Notes on the first day of such Interest Period.

Under the terms of the Series Interest Rate Cap Agreement, the Issuer will pay an amount to the Series Interest Rate Cap Provider on the Issue Date.

Any payment made by the Series Interest Rate Cap Provider under the Series Interest Rate Cap Agreement (other than any collateral payment and any termination payment received from the Series Interest Rate Cap Provider which is to be applied towards the appointment of a replacement Series Interest Rate Cap Provider) will be paid into the Series GIC Bank Account and credited to the ledger maintained by the Series Cash Manager on behalf of the Issuer in respect of Available Revenue Funds (the **Series Revenue Ledger**) and form part of the Available Revenue Funds for that Distribution Date.

The Issuer may terminate the Series Interest Rate Cap Agreement in certain circumstances including, *inter alia*, where the Series Interest Rate Cap Provider fails to make a payment that is due pursuant to the Series Interest Rate Cap Agreement and/or the Series Interest Rate Cap Provider is subject to certain bankruptcy events.

The Series Interest Rate Cap Provider may terminate the Series Interest Rate Cap Agreement in certain circumstances, including if the Issuer fails to make a payment that is due pursuant to the Series Interest Rate Cap Agreement; if the Issuer is subject to certain bankruptcy events; if a Series Event of Default occurs under Condition 12; or if the Notes are redeemed in full pursuant to Condition 9(d).

The Series Interest Rate Cap Agreement may also be terminated by either party if it becomes illegal for either party to perform its obligations under the Series Interest Rate Cap Agreement or, subject to certain conditions, by a party affected by the imposition of withholding tax.

As at the Issue Date, the Series Interest Rate Cap Guarantor (defined below) will be required to have a rating assigned for its short-term unsecured, unsubordinated and unguaranteed debt obligations of at least A-1 by S&P, P-1 by Moody's (if any such obligations are rated by Moody's) and F1 by Fitch and a rating assigned

for its long-term unsecured, unsubordinated and unguaranteed debt obligations of at least A2 by Moody's (or A1 by Moody's if its short-term unsecured unsubordinated and unguaranteed debt obligations are not rated by Moody's) and A by Fitch. If the Series Interest Rate Cap Provider (if rated) and the Series Interest Rate Cap Guarantor are downgraded below the ratings specified in the Series Interest Rate Cap Agreement (in accordance with the requirements of the Rating Agencies) then the Series Interest Rate Cap Provider will, in accordance with the provisions of and subject to the timeframes specified in the Series Interest Rate Cap Agreement, be required to take certain remedial measures which may include providing collateral in accordance with a mark-to-market collateral agreement, obtaining a guarantee from a guarantor that satisfies the requirements specified in the Series Interest Rate Cap Agreement, transferring the Series Interest Rate Cap Agreement to an entity that satisfies the requirements specified in the Series Interest Rate Cap Agreement or taking such other actions as it may agree with the relevant Rating Agency. In accordance with the requirements of the Rating Agencies, if the Series Interest Rate Cap Provider remains a party to the Series Interest Rate Cap Agreement and the Series Interest Rate Cap Provider (if rated) and the Series Interest Rate Cap Guarantor are subsequently further downgraded below the ratings specified in the Series Interest Rate Cap Agreement, then the Series Interest Rate Cap Provider will be subject to additional, more restrictive requirements. If the Series Interest Rate Cap Provider (if rated) and the Series Interest Rate Cap Guarantor, as applicable, are downgraded by a Rating Agency and the Series Interest Rate Cap Provider fails to comply with the applicable ratings downgrade provisions as set out in the Series Interest Rate Cap Agreement, the Issuer may terminate the Series Interest Rate Cap Agreement. Where the Series Interest Rate Cap Provider provides collateral in accordance with the terms of the Series Interest Rate Cap Agreement, such collateral will, upon receipt by the Issuer, be credited to a separate ledger (created to record such amounts) and transferred (if in cash form) to an appropriate account. Any collateral provided by the Series Interest Rate Cap Provider will not form part of the Available Revenue Funds except in accordance with the terms of the arrangements providing for the payment of such collateral in respect of the Series.

The Series Interest Rate Cap Provider may, subject to certain conditions specified in the Series Interest Rate Cap Agreement, including certain requirements of the Rating Agencies, transfer its obligations in respect of the Series Interest Rate Cap Agreement to another entity.

Under a guarantee forming part of the Series Interest Rate Cap Agreement, Merrill Lynch & Co., Inc. as the series interest rate cap guarantor (the **Series Interest Rate Cap Guarantor**) will provide a guarantee in favour of the Issuer and guarantee the obligations of Merrill Lynch International Bank Limited as the Series Interest Rate Cap Provider under the Series Interest Rate Cap Agreement.

### ***Series Spread Cap Agreement***

The Issuer will enter into a spread cap agreement (the **Series Spread Cap Agreement**) with Merrill Lynch International Bank Limited at the Treasury Building, Lower Grand Canal Street, Dublin 2, Ireland as series spread cap provider (the **Series Spread Cap Provider**) dated on or about the Issue Date in order to hedge against a possible increase in the Margin on the Remarketable Notes on any Transfer Date.

Under the Series Spread Cap Agreement, in relation to each Distribution Period subsequent to a Transfer Date, if the Margin on the Remarketable Notes exceeds 0.60%, then the Series Spread Cap Provider will make a payment to the Issuer on each relevant Distribution Date determined by reference to a notional amount of the Principal Amount Outstanding on the Remarketable Notes.

Under the terms of the Series Spread Cap Agreement, the Issuer will pay an amount to the Series Spread Cap Provider on the Issue Date.

Any payment made by the Series Spread Cap Provider under the Series Spread Cap Agreement (other than any collateral payment and any termination payment received from the Series Spread Cap Provider which is to be applied towards the appointment of a replacement Series Spread Cap Provider) will be paid into the



Series GIC Bank Account and credited to the Series Revenue Ledger and form part of the Available Revenue Funds for that Distribution Date.

The Issuer may terminate the Series Spread Cap Agreement in certain circumstances including, *inter alia*, where the Series Spread Cap Provider fails to make a payment that is due pursuant to that Series Spread Cap Agreement and/or the Series Spread Cap Provider is subject to certain bankruptcy events.

The Series Spread Cap Provider may terminate the Series Spread Cap Agreement in certain circumstances, including if the Issuer fails to make a payment that is due pursuant to that Series Spread Cap Agreement; if the Issuer is subject to certain bankruptcy events; if a Series Event of Default occurs under Condition 12; or if the Remarketable Notes are redeemed in full pursuant to Condition 9(d).

The Series Spread Cap Agreement may also be terminated by either party if it becomes illegal for either party to perform its obligations under the Series Spread Cap Agreement or, subject to certain conditions, by a party affected by the imposition of withholding tax.

As at the Issue Date, the Series Spread Cap Guarantor (defined below) will be required to have a rating assigned for its short-term unsecured, unsubordinated and unguaranteed debt obligations of at least A-1 by S&P, P-1 by Moody's (if any such obligations are rated by Moody's) and F1 by Fitch and a rating assigned for its long-term unsecured, unsubordinated and unguaranteed debt obligations of at least A2 by Moody's (or A1 by Moody's if its short-term unsecured unsubordinated and unguaranteed debt obligations are not rated by Moody's) and A by Fitch. If the Series Spread Cap Provider (if rated) and the Series Spread Cap Guarantor are downgraded below the ratings specified in the Series Spread Cap Agreement (in accordance with the requirements of the Rating Agencies) then the Series Spread Cap Provider will, in accordance with the provisions of and subject to the timeframes specified in the Series Spread Cap Agreement, be required to take certain remedial measures which may include providing collateral in accordance with a mark-to-market collateral agreement, obtaining a guarantee from a guarantor that satisfies the requirements specified in the Series Spread Cap Agreement, transferring the Series Spread Cap Agreement to an entity that satisfies the requirements specified in the Series Spread Cap Agreement or taking such other actions as it may agree with the relevant Rating Agency. In accordance with the requirements of the Rating Agencies, if the Series Spread Cap Provider remains a party to the Series Spread Cap Agreement and the Series Spread Cap Provider (if rated) and the Series Spread Cap Guarantor are subsequently further downgraded below the ratings specified in the Series Spread Cap Agreement, then the Series Spread Cap Provider will be subject to additional, more restrictive requirements. If the Series Spread Cap Provider (if rated) and the Series Spread Cap Guarantor, as applicable, are downgraded by a Rating Agency and the Series Spread Cap Provider fails to comply with the applicable ratings downgrade provisions as set out in the Series Spread Cap Agreement, the Issuer may terminate the Series Spread Cap Agreement. Where the Series Spread Cap Provider provides collateral in accordance with the terms of the Series Spread Cap Agreement, such collateral will, upon receipt by the Issuer, be credited to a separate ledger (created to record such amounts) and transferred (if in cash form) to an appropriate account. Any collateral provided by the Series Spread Cap Provider will not form part of the Available Revenue Funds except in accordance with the terms of the arrangements providing for the payment of such collateral in respect of the Series.

The Series Spread Cap Provider may, subject to certain conditions specified in the Series Spread Cap Agreement, including certain requirements of the Rating Agencies, transfer its obligations in respect of the Series Spread Cap Agreement to another entity.

Under a guarantee forming part of the Series Spread Cap Agreement, Merrill Lynch & Co., Inc. as the series spread cap guarantor (the **Series Spread Cap Guarantor**) will provide a guarantee in favour of the Issuer and guarantee the obligations of Merrill Lynch International Bank Limited as the Series Spread Cap Provider under the Series Spread Cap Agreement.



### ***Series Interest Rate Swap Agreement***

The Issuer will hedge against a possible mismatch between Note LIBOR and the fixed rate of interest on some of the Loans by entering into an interest rate swap agreement (the **Series Interest Rate Swap Agreement** and together with the Series Interest Rate Cap Agreement, the **Series Interest Rate Hedge Agreements**) with Merrill Lynch International Bank Limited at the Treasury Building, Lower Grand Canal Street, Dublin 2, Ireland as series interest rate swap provider (the **Series Interest Rate Swap Provider** and together with the Series Interest Rate Cap Provider, the **Series Interest Rate Hedge Provider**) dated on or about the Issue Date.

Some payments of interest under the Loans in respect of the Series Portfolio will be made by reference to a fixed rate of interest. However, the Notes of the Series accrue interest at a rate of interest based on a margin over a floating rate of interest. To deal with the resulting potential mismatch between (i) its receipts under the Loans in respect of the Series Portfolio and (ii) its liabilities under the Notes, the Issuer will, pursuant to the terms of the Series Interest Rate Swap Agreement, swap interest receipts in respect of each Loan in the Series Portfolio which pays interest by reference to a fixed rate of interest and in respect of which any of the interest due during the relevant period has been received (each, a **Performing Loan**), up to a maximum amount in respect of each Performing Loan of each relevant monthly instalment due in respect of such Performing Loan, in return for payments of 3 month LIBOR plus 0.70 per cent. (the **Series Interest Rate Swap**).

On any relevant day, the notional amount of the Series Interest Rate Swap Agreement will be equal to the balance of the Loans in respect of the Series Portfolio that are Performing Loans and are accruing interest at a fixed rate of interest, prorated by reference to the proportion of each relevant monthly instalment of each such Performing Loan actually paid during the relevant period, as such balance is determined under the terms of the Series Interest Rate Swap Agreement. The Issuer will pay to the Series Interest Rate Swap Provider the interest amounts received in respect of the designated Loans in respect of the Series Portfolio, and the Series Interest Rate Swap Provider will pay to the Issuer an amount corresponding to 3 month LIBOR plus 0.70 per cent. with reference to the same notional amount.

In the event that the Series Interest Rate Swap is terminated prior to the service of a Series Acceleration Notice or the final redemption of the relevant Notes, as applicable, the Issuer shall enter into a replacement Series Interest Rate Swap in respect of such Notes. Any replacement Series Interest Rate Swap must be entered into on terms acceptable to the Rating Agencies, the Issuer and the Security Trustee. If the Issuer is unable to enter into a replacement Series Interest Rate Swap on terms acceptable to the Rating Agencies, the Issuer and the Security Trustee, this may affect funds available to the Issuer to pay amounts due under the Notes.

Any payment made by the Series Interest Rate Swap Provider under the Series Interest Rate Swap Agreement (other than any collateral payment and any termination payment received from the Series Interest Rate Swap Provider which is to be applied towards the appointment of a replacement Series Interest Rate Swap Provider) will be paid into the Series GIC Account and credited to the Series Revenue Ledger and form part of the Available Revenue Funds for a Distribution Date.

The Issuer may terminate the Series Interest Rate Swap Agreement in certain circumstances including, *inter alia*, where the Series Interest Rate Swap Provider fails to make a payment that is due pursuant to the Series Interest Rate Swap Agreement and/or the Series Interest Rate Swap Provider is subject to certain bankruptcy events.

The Series Interest Rate Swap Provider may terminate the Series Interest Rate Swap Agreement in certain circumstances, including if the Issuer fails to make a payment that is due pursuant to that Series Interest Rate Swap Agreement; if the Issuer is subject to certain bankruptcy events; if a Series Event of Default occurs under Condition 12; or if the Notes are redeemed in full pursuant to Condition 9(d).

The Series Interest Rate Swap Agreement may also be terminated by either party if it becomes illegal for either party to perform its obligations under the Series Interest Rate Swap Agreement or, subject to certain conditions, by a party affected by the imposition of withholding tax.

As at the Issue Date, the Series Interest Rate Swap Guarantor (defined below) will be required to have a rating assigned for its short-term unsecured, unsubordinated and unguaranteed debt obligations of at least A-1 by S&P, P-1 by Moody's (if any such obligations are rated by Moody's) and F1 by Fitch and a rating assigned for its long-term unsecured, unsubordinated and unguaranteed debt obligations of at least A2 by Moody's (or A1 by Moody's if its short-term unsecured unsubordinated and unguaranteed debt obligations are not rated by Moody's) and A by Fitch. If the Series Interest Rate Swap Provider (if rated) and the Series Interest Rate Swap Guarantor are downgraded below the ratings specified in the Series Interest Rate Swap Agreement (in accordance with the requirements of the Rating Agencies) then the Series Interest Rate Swap Provider will, in accordance with the provisions of and subject to the timeframes specified in the Series Interest Rate Swap Agreement, be required to take certain remedial measures which may include providing collateral in accordance with a mark-to-market collateral agreement, obtaining a guarantee from a guarantor that satisfies the requirements specified in the Series Interest Rate Swap Agreement, transferring the Series Interest Rate Swap Agreement to an entity that satisfies the requirements specified in the Series Interest Rate Swap Agreement or taking such other actions as it may agree with the relevant Rating Agency. In accordance with the requirements of the Rating Agencies, if the Series Interest Rate Swap Provider remains a party to the Series Interest Rate Swap Agreement and the Series Interest Rate Swap Provider (if rated) and the Series Interest Rate Swap Guarantor are subsequently further downgraded below the ratings specified in the Series Interest Rate Swap Agreement, then the Series Interest Rate Swap Provider will be subject to additional, more restrictive requirements. If the Series Interest Rate Swap Provider (if rated) and the Series Interest Rate Swap Guarantor, as applicable, are downgraded by a Rating Agency and the Series Interest Rate Swap Provider fails to comply with the applicable ratings downgrade provisions as set out in the Series Interest Rate Swap Agreement, the Issuer may terminate the Series Interest Rate Swap. Where the Series Interest Rate Swap Provider provides collateral in accordance with the terms of the Series Interest Rate Swap Agreements, such collateral will, upon receipt by the Issuer, be credited to a separate ledger (created to record such amounts) and transferred (if in cash form) to an appropriate collateral account. Any collateral provided by the Series Interest Rate Swap Provider will not form part of the Available Revenue Funds except in accordance with the terms of the arrangements providing for the payment of such collateral in respect of the Series.

The Series Interest Rate Swap Provider may, subject to certain conditions specified in the Series Interest Rate Swap Agreement, including certain requirements of the Rating Agencies, transfer its obligations in respect of the Series Interest Rate Swap Agreements to another entity.

Under a guarantee forming part of the Series Interest Rate Swap Agreement, Merrill Lynch & Co., Inc. as the series interest rate swap guarantor (the **Series Interest Rate Swap Guarantor** and together with the Series Interest Rate Cap Guarantor and the Series Spread Cap Guarantor, the **Series Interest Rate Hedge Guarantor**) will provide a guarantee in favour of the Issuer and guarantee the obligations of Merrill Lynch International Bank Limited as the Series Interest Rate Swap Provider under the Series Interest Rate Swap Agreement.

As described above, the Issuer has entered into a Series Interest Rate Swap Agreement in order to hedge against a possible rise in Note LIBOR, and the Series Interest Rate Swap Provider's obligations under such Series Interest Rate Swap Agreement will be guaranteed by the Series Interest Rate Swap Guarantor. Prospective Noteholders should however note that the interest rate risk may not be mitigated in full by such Series Interest Rate Swap Agreement.

### *Series Currency Swap Agreements*

As described in the Offering Circular under “*Credit Structure – Series Currency Swap Agreements*”, the Issuer may enter into currency swap agreements (each a **Series Currency Swap Agreement** and together, the **Series Currency Swap Agreements**) with Barclays Bank PLC at 5 The North Colonnade, Canary Wharf E14 4BB as series currency swap provider (the **Series Currency Swap Provider**) dated on or about the Issue Date in order to protect itself against currency exchange rate exposure (and any related interest rate exposure in connection with such currency exchange rate exposure).

Payments of interest and principal under the Loans in respect of the Series Portfolio will be made in Sterling. However, some of the Notes of the Series may be Euro Notes, denominated in euro and accruing interest at a rate of interest based on a margin over Note EURIBOR. To deal with potential currency mismatch between (i) its receipts under the Loans in respect of the Series Portfolio and (ii) its liabilities under any Euro Notes, the Issuer will, pursuant to the terms of the Series Currency Swap Agreements, swap receipts and liabilities in respect of the Series Portfolio on terms that match the Issuer’s obligations under such Euro Notes (each such swap a **Series Currency Swap**).

On the Issue Date, the Issuer will pay to the Series Currency Swap Provider an amount in euro received by it in respect of the subscription proceeds for the Euro Notes and the Series Currency Swap Provider will pay an equivalent amount in Sterling to the Issuer to enable the Issuer, together with amounts received in respect of the Notes denominated in Sterling, to purchase the Series Portfolio.

The currency amount of any Series Currency Swap will be the principal amount outstanding under the relevant Euro Notes to which the Series Currency Swap relates. The Series Currency Swap Provider will pay to the Issuer amounts in euro that are equal to the amounts of interest to be paid on the relevant Euro Notes, and the Issuer will pay to the Series Currency Swap Provider the equivalent Sterling interest amounts received in respect of the Series Portfolio. In order to allow for the effective currency amount of each Series Currency Swap to amortise at the same rate as the relevant Class of Notes, each Series Currency Swap Agreement will provide that, as and when such Notes amortise, a corresponding portion of the currency amount of the relevant Series Currency Swap will amortise. Pursuant to each Series Currency Swap Agreement, any portion of the Series Currency Swap so amortised will be swapped in the case of a Euro Currency Swap, from Sterling into euro at the euro currency exchange rate specified in such Series Currency Swap Agreement.

On the final maturity date of each Class of Euro Notes or, if earlier, the date on which such Euro Notes are redeemed in full, the Issuer will pay to the Series Currency Swap Provider an amount in Sterling equal to the principal amount outstanding under the relevant Class of Notes and the Series Currency Swap Provider will pay an equivalent amount in euro or, if less, the amount of principal available for payment to the Series Currency Swap Provider pursuant to the Series Cash Management Agreement, in either case converted by reference to the relevant currency exchange rate specified in the relevant Series Currency Swap Agreement.

In the event that any Series Currency Swap is terminated prior to the service of a Series Acceleration Notice or the final redemption of the relevant Euro Notes the Issuer shall enter into a replacement Series Currency Swap in respect of such Euro Notes. Any replacement Series Currency Swap must be entered into on terms acceptable to the Rating Agencies, the Issuer and the Security Trustee. If the Issuer is unable to enter into any replacement Series Currency Swaps on terms acceptable to the Rating Agencies, the Issuer and the Security Trustee, this may affect amounts available to pay amounts due under the Notes.

Any payment made by the Series Currency Swap Provider under a Series Currency Swap Agreement (other than any collateral payment, any exchange of currency as a result of amortisation of the Series Currency Swap and any termination payment received from the Series Currency Swap Provider which is to be applied towards the appointment of a replacement Series Currency Swap Provider) will be paid into the Series GIC

Bank Account and credited to the Series Revenue Ledger and form part of the Available Revenue Funds for a Distribution Date.

The Issuer may terminate a Series Currency Swap Agreement in certain circumstances including, *inter alia*, where the Series Currency Swap Provider fails to make a payment that is due pursuant to that Series Currency Swap Agreement and/or the Series Currency Swap Provider is subject to certain bankruptcy events.

The Series Currency Swap Provider may terminate the Series Currency Swap Agreement in certain circumstances, including if the Issuer fails to make a payment that is due pursuant to that Series Currency Swap Agreement; if the Issuer is subject to certain bankruptcy events; if a Series Event of Default occurs under Condition 12 (in which case termination may be automatic); or if the Notes are redeemed in full pursuant to Condition 9(d).

A Series Currency Swap Agreement may also be terminated by either party if it becomes illegal for either party to perform its obligations under that Series Currency Swap Agreement or, subject to certain conditions, by a party affected by the imposition of withholding tax.

As at the Issue Date, the Series Currency Swap Provider (or its credit support provider, if any) will be required to have a rating assigned for its short-term unsecured, unsubordinated and unguaranteed debt obligations of at least A-1 by S&P, P-1 by Moody's (if any such obligations are rated by Moody's) and F1 by Fitch and a rating assigned for its long-term unsecured, unsubordinated and unguaranteed debt obligations of at least A2 by Moody's (or A1 by Moody's if its short-term unsecured unsubordinated and unguaranteed debt obligations are not rated by Moody's) and A by Fitch. If the Series Currency Swap Provider (and its credit support provider, if any) are downgraded below the ratings specified in the relevant Series Currency Swap Agreement (in accordance with the requirements of the Rating Agencies) then the Series Currency Swap Provider will, in accordance with the provisions of and subject to the timeframes specified in the relevant Series Currency Swap Agreement, be required to take certain remedial measures which may include providing collateral in accordance with a mark-to-market collateral agreement, obtaining a guarantee from a guarantor that satisfies the requirements specified in the relevant Series Currency Swap Agreement, transferring the relevant Series Currency Swap Agreement to an entity that satisfies the requirements specified in the relevant Series Currency Swap Agreement or taking such other actions as it may agree with the relevant Rating Agency. In accordance with the requirements of the Rating Agencies, if the Series Currency Swap Provider remains a party to the Series Currency Swap Agreement and the Series Currency Swap Provider (and its credit support provider, if any) are subsequently further downgraded below the ratings specified in the Series Currency Swap Agreements, then the Series Currency Swap Provider will be subject to additional, more restrictive requirements. If the Series Currency Swap Provider (and its credit support provider, if any), as applicable, are downgraded by a Rating Agency and the Series Currency Swap Provider fails to comply with the applicable ratings downgrade provisions as set out in the relevant Series Currency Swap Agreement, the Issuer may terminate the relevant Series Currency Swap. Where the Series Currency Swap Provider provides collateral in accordance with the terms of the Series Currency Swap Agreements, such collateral will, upon receipt by the Issuer, be credited to a separate ledger (created to record such amounts) and transferred (if in cash form) to an appropriate collateral account. Any collateral provided by the Series Currency Swap Provider will not form part of the Available Revenue Funds except in accordance with the terms of the arrangements providing for the payment of such collateral in respect of the Series.

The Series Currency Swap Provider may, subject to certain conditions specified in the Series Currency Swap Agreement, including certain requirements of the Rating Agencies, transfer its obligations in respect of the Series Currency Swap Agreements to another entity.

The Series Currency Swap Agreements together with the Series Interest Rate Cap Agreement, the Series Spread Cap Agreement and the Series Interest Rate Swap Agreement are the **Series Hedge Agreements**.

## Series Liquidity Facility Agreement

As described in the Offering Circular under “*Credit Structure – Series Liquidity Facility Agreement*”, the Issuer will enter into a Series Liquidity Facility Agreement in respect of the Notes with Merrill Lynch International Bank Limited, London Branch acting through its branch at 2 King Edward Street, London EC1A 1HQ as series liquidity facility provider (the **Series Liquidity Facility Provider**) dated on or about the Issue Date (the **Series Liquidity Facility Agreement**).

Under a guarantee entered into on the Issue Date, Merrill Lynch & Co., Inc. will provide a guarantee in favour of the Issuer pursuant to which it will guarantee the obligations of Merrill Lynch International Bank Limited, London Branch as the Series Liquidity Facility Provider under the Series Liquidity Facility Agreement (the **Series Liquidity Facility Guarantee**).

Pursuant to the Series Liquidity Facility Agreement, the Issuer will be entitled on any Distribution Date to make drawings up to the Liquidity Maximum Amount to the extent that after the application of amounts standing to the credit of the Series Reserve Ledger, there are insufficient amounts available for distribution to satisfy the Issuer’s obligations in paragraphs (a) to (p) (other than paragraphs (g), (i), (k), (m) and (o)) of the Series Pre-Enforcement, Pre-Acceleration Revenue Priority of Payments or paragraphs (a) to (p) (other than paragraphs (g), (i), (k), (m) and (o)) of the Series Post-Enforcement, Pre-Acceleration Revenue Priority of Payments, provided that no drawings from the Series Liquidity Ledger may be made to meet interest payments on the Class B Notes, the Class Cb Notes, the Class D Notes or, as the case may be, the Class E Notes, to the extent that, after the application of the Available Revenue Funds and any amounts standing to the credit of the Series Reserve Ledger, the relevant Series Principal Deficiency Sub-Ledger (referred to below) would have a debit balance equal to or greater than 50% of the then Principal Amount Outstanding of the Class B Notes, the Class Cb Notes, the Class D Notes or, as the case may be, the Class E Notes.

Further, subject always to the above: (i) no amount may be drawn to meet interest payments on the Class B Notes (if any) if on the Determination Date the aggregate balance of all Loans in the Series Portfolio which are in arrears for 90 days or longer (including, for the avoidance of doubt, any Loans in that Series Portfolio in respect of which Enforcement Procedures have commenced and the Property in respect of that Loan has not been sold) is more than 25% of the principal amount outstanding under the Notes on the Issue Date; and (ii) no amount may be drawn to meet interest payments on the Class Cb Notes, the Class D Notes, or, as the case may be, the Class E Notes (if any) if on the Determination Date the aggregate balance of all the Loans which are in arrears for 90 days or longer is more (including, for the avoidance of doubt, any Loans in the Series Portfolio in respect of which Enforcement Procedures have commenced and the Property in respect of that Loan has not been sold) than 20% of the principal amount outstanding under the Notes on the Issue Date.

**Series Liquidity Maximum Amount** means in respect of the Series:

- (a) initially, 5.30% of the aggregate Principal Amount Outstanding of the Notes on the Issue Date; and
- (b) on each Distribution Date where the Series Liquidity Maximum Amount will be equal to or greater than 8.00% of the then aggregate Principal Amount Outstanding under the Notes of this Series (excluding the Series Subordinated Notes), then the Series Liquidity Maximum Amount shall be reduced to an amount which is the greater of: (i) 8.00% of the Principal Amount Outstanding of the Notes (excluding the Series Subordinated Notes) on such Distribution Date; and (ii) £8,500,000 (the **Liquidity Facility Floor**) provided that no such reduction shall occur on a Distribution Date if:
  - (i) after application of the Available Revenue Funds on the relevant Distribution Date, the Series Reserve Fund will be less than the Reserve Fund Required Amount or if there is a debit balance on the Series Principal Deficiency Ledger;



- (ii) the aggregate value of the principal losses experienced on the Series Portfolio (whether or not such losses form part of the Series Principal Deficiency Ledger at such time) as at the immediately preceding Determination Date from the Issue Date will be greater than 1.50% of the aggregate principal amount of the Notes on the Issue Date;
- (iii) as at the immediately preceding Distribution Date the aggregate balance of Loans in the Series Portfolio in respect of which any payment is 90 days or more in arrears (including, for the avoidance of doubt, any Loans in the Series Portfolio in respect of which Enforcement Procedures have commenced and the Property in respect of that Loan has not been sold) is higher than 20% of the aggregate balance of all Loans in the Series Portfolio;
- (iv) the Series Mortgage Administrator or the Series Cash Manager is in default of its obligations under the Series Mortgage Administration Agreement or the Series Cash Management Agreement, as applicable; or
- (v) amounts of Liquidity Advances remain drawn but unpaid as at such date pursuant to the Series Liquidity Facility Agreement.

**Principal Amount Outstanding** has the meaning given to it in the Offering Circular except that amounts in any currency other than Sterling shall be converted to Sterling at the relevant currency swap rate of exchange.

The Series Liquidity Facility Provider will not be obliged to advance funds beyond the Series Liquidity Maximum Amount at any time.

#### **Series Reserve Fund**

To provide limited coverage for shortfalls in amounts under paragraphs (a) to (q) inclusive of the Series Pre-Enforcement, Pre-Acceleration Revenue Priority of Payments or paragraphs (a) to (q) inclusive of the Series Post-Enforcement, Pre-Acceleration Revenue Priority of Payments, the Issuer will on the Issue Date establish a reserve fund (the **Series Reserve Fund**) in an amount equal to the Series Reserve Fund Required Amount (as defined below) using part of the proceeds of the Notes.

**Series Reserve Fund Required Amount** means 2.80% of the aggregate Principal Amount Outstanding of the Notes on the Issue Date provided that, on each Distribution Date falling on or after the first Distribution Date on which the Series Reserve Fund is equal to or greater than 5.60% of the then Principal Amount Outstanding of the Notes (the **Series Reserve Fund Determination Date** and the **Series Reserve Fund Maximum Percentage**, respectively) and if in respect of the Series:

- (a) all balances on each of the sub-ledgers of the Series Principal Deficiency Ledger are zero;
- (b) no amount in the Series Liquidity Facility has been drawn before the Series Reserve Fund Determination Date;
- (c) the amount in the Series Reserve Fund is equal to or greater than the Series Reserve Fund Required Amount as of the relevant Series Reserve Fund Determination Date;
- (d) the total balance of all Loans in the Series Portfolio which are 90 days or more in arrears (including, for the avoidance of doubt, any Loans in the Series Portfolio in respect of which Enforcement Procedures have commenced and the Property in respect of that Loan has not been sold) does not exceed 20% of the total balance of all the Loans in the Series Portfolio;
- (e) the total balance of all Loans foreclosed in the Series Portfolio and not yet sold does not exceed 2.25% of the original balance of the Series Portfolio as at the Issue Date; and

- (f) the total losses suffered by the Issuer from the Issue Date until the relevant Series Reserve Fund Determination Date are lower than 1.25% of the original balance of the Series Portfolio as at the Issue Date,

then the Series Reserve Fund Required Amount will be reduced to an amount equal, on such Series Reserve Fund Determination Date, to the greater of 1.40% of the aggregate Principal Amount Outstanding of the Notes as at the Issue Date and 5.60% of the then aggregate Principal Amount Outstanding of the Notes of this Series.

On any Distribution Date to the extent that amounts are available after payment of any amounts under paragraphs (a) to (q) of the Series Pre-Enforcement, Pre-Acceleration Revenue Priority of Payments or paragraphs (a) to (q) of the Series Post-Enforcement, Pre-Acceleration Revenue Priority of Payments, the excess, if any, will be deposited in the Series Reserve Fund to the extent necessary to replenish and maintain the Series Reserve Fund Required Amount as set out under the Series Pre-Enforcement, Pre-Acceleration Revenue Priority of Payments and Series Post-Enforcement, Pre-Acceleration Revenue Priority of Payments, as applicable.

### **Series Discount Reserve Fund**

The Issuer will on the Issue Date establish a reserve fund (the **Series Discount Reserve Fund**) in the initial amount equal to 1.45% of the aggregate Principal Amount Outstanding of the Notes as at the Issue Date using part of the proceeds of the Notes (the **Initial Series Discount Reserve Fund Amount**).

On each of the first seven Distribution Dates an amount standing to the credit of the Series Discount Reserve Fund (the **Series Discount Reserve Fund Distribution Amount**) shall be debited from the Series Discount Reserve Ledger and credited to the Series Transaction Account and will be applied as Available Revenue Funds in accordance with the applicable Series Priorities of Payments such that the balance of the Series Discount Reserve Ledger following such debit will be equal to the amount set out in the table below:

#### **Series Discount Reserve Ledger Balance**

1st Distribution Date	£10,485,000
2nd Distribution Date	£8,661,500
3rd Distribution Date	£6,854,500
4th Distribution Date	£5,084,000
5th Distribution Date	£3,329,000
6th Distribution Date	£1,631,000
7th Distribution Date	£0

### **Series Cap Reserve**

On the Issue Date, an interest rate cap reserve will be established (the **Series Cap Reserve**). On each Distribution Date, to the extent that amounts are received by the Issuer under the Series Interest Rate Cap Agreement, an amount will be credited to the Series Cap Reserve (if any) to the extent such amounts are available in accordance with the relevant Priorities of Payments. A Series ledger will be established and maintained on behalf of the Issuer in respect of such amounts credited to the Series Cap Reserve (the **Series Cap Reserve Ledger**).



## **CNP Fee Reserve**

On the Issue Date, a CNP fee reserve will be established (the **Series CNP Fee Reserve**) in the initial amount equal to 0.10% of the aggregate Principal Amount Outstanding of the Class A1 Notes as at the Issue Date using part of the proceeds of the Notes. A Series ledger will be established and maintained on behalf of the Issuer in respect of such amounts credited to the Series CNP Fee Reserve (the **Series CNP Fee Reserve Ledger**).

If the Conditional Note Purchaser does not elect to extend its commitment in accordance with the Conditional Note Purchase Agreement on the Transfer Date falling in December 2008, the Issuer (or the Series Cash Manager on its behalf) may appoint a replacement remarketing agent and conditional note purchaser. If the Conditional Note Purchaser elects to extend its commitment to purchase the Remarketable Notes to the Transfer Date falling in December 2009 or a replacement remarketing agent and conditional note purchaser is appointed by the Issuer (or the Series Cash Manager on its behalf), all or part of the amounts standing to the credit of the Series CNP Fee Reserve Ledger (including any interest earned thereon) may be paid to the Conditional Note Purchaser and Remarketing Agent or to the replacement remarketing agent and conditional note purchaser, as the case may be, in consideration for such person or persons extending the existing commitment or entering into a replacement remarketing agreement and conditional note purchase agreement, as the case may be. The balance standing to the credit of the CNP Fee Reserve Ledger (if any) after making such payments will not form part of Available Revenue Funds and/or Actual Redemption Funds on any Distribution Date but will be paid to the Series Portfolio Seller on the Transfer Date falling in December 2008 as part of the deferred consideration for the purchase of the Series Completion Mortgage Pool. If the Conditional Note Purchaser does not elect to extend its purchase commitment and a replacement remarketing agent and conditional note purchaser is not appointed by the Issuer (or the Series Cash Manager on its behalf), then all amounts standing to the credit of the Series CNP Fee Reserve Ledger, including any interest earned thereon, will not form part of Available Revenue Funds and/or Actual Redemption Funds on any Distribution Date but will be paid to the Series Portfolio Seller on the Transfer Date falling in December 2008 as part of the deferred consideration for the purchase of the Series Completion Mortgage Pool.

## **Series MERCs**

On the Issue Date, the Issuer will issue the Series 2007-3 Mortgage Early Repayment Certificates due 15 December 2050 (the **Series MERCs** and the holders thereof, the **Series MERC Holders**). The Series MERCs constitute certificates whereby amounts are payable to Series MERC Holders on a *pro rata* basis from Mortgage Early Repayment Charges received by the Issuer in respect of the Series Portfolio. See further “*Credit Structure – Series MERCs*” in the Offering Circular. It is expected that, on the Issue Date, the Series MERCs will be rated Aaa by Moody’s, AAA by S&P and AAA by Fitch.

## **Series Residuals**

On the Issue Date, the Issuer will issue the Series 2007-3 Residual Certificates due 15 December 2050 (the **Series Residuals** and the holders thereof, the **Series Residual Holders**). The Series Residuals will pay on each Distribution Date such residual amount (the **Series Residual Payment**) as is available for such purpose in accordance with the applicable Series Priorities of Payments (following payment of or provision for all higher ranking items) divided by the number of Series Residuals. See further “*Credit Structure – Series Residuals*” in the Offering Circular.

## **Series Interest Rate Cap Certificates**

On the Issue Date, the Issuer will issue the Series 2007-3 Interest Rate Cap Certificates due 15 December 2050 (the **Series Interest Rate Cap Certificates** and the holders thereof, the **Series Interest Rate Cap**

**Certificate Holders**). The Series Interest Rate Cap Certificates will pay on each Distribution Date such amount (the **Series Interest Rate Cap Certificate Payment**) as is available for such purpose in accordance with the applicable Series Priorities of Payments (following payment of or provision for all higher ranking items) divided by the number of Series Interest Rate Cap Certificates. See further “*Credit Structure – Series Interest Rate Cap Certificates*” in the Offering Circular.

### **Series Principal Deficiency Sub-Ledgers**

In addition to the Series Ledgers described under “*Transaction Documents – Series Cash Management Agreements – Series Ledgers*”, the following six sub-ledgers in respect of the Series Principal Deficiency Ledger will be established by the Series Cash Manager. The six sub-ledgers will be identified as the **A1/A2b Principal Deficiency Sub-Ledger**, the **A3 Principal Deficiency Sub-Ledger**, the **B Principal Deficiency Sub-Ledger**, the **Cb Principal Deficiency Sub-Ledger**, the **D Principal Deficiency Sub-Ledger** and the **E Principal Deficiency Sub-Ledger** respectively, and collectively the **Series Principal Deficiency Sub-Ledgers** and will be established in order to record any principal deficiencies as they occur (each, respectively, the **A1/A2b Principal Deficiency**, the **A3 Principal Deficiency**, the **B Principal Deficiency**, the **Cb Principal Deficiency**, the **D Principal Deficiency** and the **E Principal Deficiency** and each a **Principal Deficiency**).

Any Principal Deficiency shall be debited (a) first, to the E Principal Deficiency Sub-Ledger so long as the debit balance on such sub-ledger is less than the Principal Amount Outstanding of the Class E Notes (the **Class E Note Principal Deficiency Limit**), (b) second, to the D Principal Deficiency Sub-Ledger so long as the debit balance on such sub-ledger is less than the Principal Amount Outstanding of the Class D Notes (the **Class D Note Principal Deficiency Limit**), (c) third, to the Cb Principal Deficiency Sub-Ledger so long as the debit balance on such sub-ledger is less than the Principal Amount Outstanding of the Class Cb Notes (the **Class Cb Note Principal Deficiency Limit**), (d) fourth, to the B Principal Deficiency Sub-Ledger so long as the debit balance on such sub-ledger is less than the Principal Amount Outstanding of the Class B Notes (the **Class B Note Principal Deficiency Limit**), (e) fifth, to the A3 Principal Deficiency Sub-Ledger so long as the debit balance on such sub-ledger is less than the Principal Amount Outstanding of the Class A3 Notes (the **Class A3 Note Principal Deficiency Limit**) and (f) sixth, to the A1/A2b Principal Deficiency Sub-Ledger so long as the debit balance on such sub-ledger is less than the aggregate of the Principal Amount Outstanding of the Class A1 Notes and the Class A2b Notes (the **Class A1/A2b Note Principal Deficiency Limit**). For the avoidance of doubt, the Class A1/A2b Principal Deficiency will relate to the Class A1 Notes and the Class A2b Notes *pro rata*.

Amounts allocated to each Series Principal Deficiency Sub-Ledger shall be reduced to the extent of Available Revenue Funds available therefor on any Distribution Date in accordance with the Series Pre-Enforcement, Pre-Acceleration Revenue Priority of Payments and Series Post-Enforcement, Pre-Acceleration Revenue Priority of Payments, as applicable.

### **Series Secured Creditors**

**Series Secured Creditors** means, in respect of the Series, the Series Note Trustee and the Security Trustee (and any receiver or other person appointed by either of them), the Noteholders of the Series, the Series MERC Holders, the Series Residual Holders, the Series Interest Rate Cap Certificate Holders, the Series Servicer, the Series Mortgage Administrator, the Series Standby Mortgage Administrator, the Series Cash Manager, the Series Account Bank, the Series Liquidity Facility Provider, the Series Principal Paying Agent, the Series Agent Bank, the Series Exchange Rate Agent, the Series Registrar and Transfer Agent (the Series Principal Paying Agent, the Series Agent Bank, the Series Exchange Rate Agent, the Series Registrar and Transfer Agent together, the **Series Agents**), the Series Interest Rate Cap Provider, the Series Interest Rate Cap Guarantor, the Series Spread Cap Provider, the Series Spread Cap Guarantor, the Series Interest Rate

Swap Provider, the Series Interest Rate Swap Guarantor, the Series Currency Swap Provider, the Remarketing Agent and the Conditional Note Purchaser.

### **Series Permitted Withdrawals**

Further to “*Series Permitted Withdrawals*” under “*Credit Structure*” in the Offering Circular, Series Pro Rata Amounts and the Series Referable Amounts that are Series Permitted Withdrawals in respect of the Series will be the following amounts, as applicable:

- (a) paragraphs (a)(i), (a)(ii) and (b)(i) to the extent such amount is to be applied to a Programme expense to be applied under the Programme Priority of Payments, (b)(ii), (b)(iv), (c)(i), (c)(ii), (c)(iv) and (c)(v) of the Series Pre-Enforcement, Pre-Acceleration Revenue Priority of Payments;
- (b) paragraphs (a)(i), (a)(ii) and (b)(i) to the extent such amount is to be applied to a Programme expense to be applied under the Programme Priority of Payments, (b)(ii), (b)(iv), (c)(i), (c)(ii), (c)(iv) and (c)(v) of the Series Post-Enforcement, Pre-Acceleration Revenue Priority of Payments; and
- (c) paragraphs (a)(i), (a)(ii), (b)(i), (b)(ii), (b)(iv), (b)(v) and (c)(ii) to the extent such amount is to be applied to a Programme expense to be applied under the Programme Priority of Payments, (c)(iii) and (c)(iv) of the Series Post-Acceleration Priority of Payments.

To the extent that any of the Series Permitted Withdrawals (as described under “*Series Permitted Withdrawals*” under “*Credit Structure*” in the Offering Circular) are made by the relevant Series Cash Manager from and including the last Business Day of the month preceding a Determination Date to and including the relevant Distribution Date, any such withdrawals shall be made prior to administration of the applicable Series Priorities of Payments and, therefore, shall not be included in the Available Revenue Funds and/or the Actual Redemption Funds, as applicable, for such Distribution Date.

## SERIES PRIORITIES OF PAYMENTS

### *Series Pre-Enforcement, Pre-Acceleration Revenue Priority of Payments*

**Available Revenue Funds** means on any Distribution Date, amounts standing to the credit of the Series Revenue Ledger as at close of business on the Business Day immediately preceding the Determination Date (which falls immediately prior to such Distribution Date) plus those amounts transferred or to be transferred from the Series Liquidity Ledger, the Series Reserve Ledger, the Series Discount Reserve Ledger and the Series Cap Reserve Ledger (and, if applicable, any other ledger other than the Series CNP Fee Reserve Ledger) including interest earned on the Series GIC Accounts and on any Authorised Investments and any amounts received pursuant to the Series Interest Rate Cap Agreement (other than any cap termination payments received from the Series Interest Rate Cap Provider to be applied towards the appointment of a replacement Series Interest Rate Cap Provider and other than any collateral provided by the Series Interest Rate Cap Provider in accordance with the terms of the Series Interest Rate Cap Agreement), any amounts received pursuant to the Series Spread Cap Agreement (other than any cap termination payments received from the Series Spread Cap Provider to be applied towards the appointment of a replacement Series Spread Cap Provider and other than any collateral provided by the Series Spread Cap Provider in accordance with the terms of the Series Spread Cap Agreement), any Series Interest Rate Swap Agreement (other than any swap termination payments received from the Series Interest Rate Swap Provider to be applied towards the appointment of a replacement Series Interest Rate Swap Provider and other than any collateral provided by the Series Interest Rate Swap Provider in accordance with the terms of the Series Interest Rate Swap Agreement) or any Series Currency Swap Agreement (other than any swap termination payments received from the Series Currency Swap Provider to be applied towards the appointment of a replacement Series Currency Swap Provider and other than any collateral provided by the Series Currency Swap Provider in accordance with the terms of a Series Currency Swap Agreement) on such Distribution Date, in each case in accordance with the Series Cash Management Agreement.

On each Distribution Date prior to the service of a Series Enforcement Notice or a Series Acceleration Notice in respect of the Series, Available Revenue Funds standing to the credit of the Series Transaction Account will be applied by or on behalf of the Issuer in making the following payments and provisions (the **Series Pre-Enforcement, Pre-Acceleration Revenue Priority of Payments**) (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

- (a) *first*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
  - (i) the Series Pro Rata Amount in respect of any remuneration due and payable by the Issuer to the Security Trustee under the Security Deed, the Intercreditor Deed and the other Transaction Documents and any costs, charges, liabilities and expenses incurred by the Security Trustee (including, without limitation, any claims in respect of any indemnities) thereunder to be credited to the Programme Account;
  - (ii) the Series Referable Amount in respect of any remuneration due and payable by the Issuer to the Security Trustee under the Security Deed, the Intercreditor Deed and the other Transaction Documents and any costs, charges, liabilities and expenses incurred by the Security Trustee (including, without limitation, any claims in respect of any indemnities) thereunder to be paid to the Security Trustee; and
  - (iii) any remuneration due and payable to the Series Note Trustee under the Series Trust Deed and the other Transaction Documents, and any costs, charges, liabilities and expenses incurred by the Series Note Trustee (including, without limitation, any claims in respect of any indemnities) thereunder to be paid to the Series Note Trustee;

- (b) *second*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
- (i) the Series Referable Amount in respect of amounts then accrued but remaining unpaid to third parties (including audit fees and value added tax, if any) and incurred without breach by the Issuer of the Transaction Documents, to be credited to the Programme Account or paid directly to the relevant third party, as the case may be;
  - (ii) the Series Pro Rata Amount in respect of amounts then accrued but remaining unpaid to third parties (including audit fees and value added tax, if any) and incurred without breach by the Issuer of the Transaction Documents to be credited to the Programme Account;
  - (iii) the Series Referable Amount in respect of amounts payable in respect of insurance contracts relating to the Series Portfolio maintained by or on behalf of the Issuer;
  - (iv) the Series Pro Rata Amount in respect of amounts payable in respect of insurance contracts relating to the Series Portfolio maintained by or on behalf of the Issuer to be credited to the Programme Account; and
  - (v) the Series Referable Amount to provide on an accruing basis for the Parent's liability or possible liability for tax on the basis of the full rate of corporation tax to be credited to the Programme Account;
- (c) *third*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
- (i) the Series Pro Rata Amount in respect of amounts due and payable to the Corporate Services Provider under the Programme Corporate Services Agreement to be credited to the Programme Account;
  - (ii) the Series Pro Rata Amount in respect of amounts due and payable to the Programme Account Bank under the Programme Bank Account Agreement to be credited to the Programme Account;
  - (iii) amounts due and payable to the Series Account Bank under the Series Bank Account Agreement and the Series Guaranteed Investment Contract, to be paid to the Series Account Bank;
  - (iv) the Series Pro Rata Amount in respect of amounts due and payable to the Programme Cash Manager under the Programme Cash Management Agreement to be credited to the Programme Account;
  - (v) the Series Pro Rata Amount in respect of amounts due and payable to the Programme Financial Servicer under the Programme Cash Management Agreement to be credited to the Programme Account;
  - (vi) amounts due and payable, including any fee payable inclusive of Value Added Tax up to 17.5%, to the Series Cash Manager under the Series Cash Management Agreement, to be paid to the Series Cash Manager;
  - (vii) on a *pro rata* and *pari passu* basis, amounts due and payable to the Series Agents under the Series Agency Agreement, to be paid to the Series Agents; and
  - (viii) on a *pro rata* and *pari passu* basis, amounts due and payable, including any fee payable inclusive of Value Added Tax up to 17.5%, to the Series Mortgage Administrator, the Series

Servicer and the Series Standby Mortgage Administrator under the Series Mortgage Administration Agreement, the Series Servicing Agreement and the Series Standby Mortgage Administration Agreement, respectively, to be paid to the Series Mortgage Administrator, the Series Servicer and the Series Standby Mortgage Administrator, as the case may be;

- (d) *fourth*, all amounts due and payable to the Series Interest Rate Swap Provider including any termination payment under the terms of the relevant Series Interest Rate Swap Agreement (except for any relevant Interest Rate Swap Provider Default Payment where **Interest Rate Swap Provider Default Payment** means any termination payment due or payable under the relevant Series Interest Rate Swap Agreement as a result of the occurrence of an Event of Default (as defined therein) where the Series Interest Rate Swap Provider is the Defaulting Party or an Additional Termination Event relating to the credit rating of the Series Interest Rate Swap Provider or the Series Interest Rate Swap Guarantor (as such terms are defined in the relevant Series Interest Rate Swap Agreement));
- (e) *fifth*, amounts due and payable to the Series Liquidity Facility Provider under the Series Liquidity Facility Agreement, to be paid to the Series Liquidity Facility Provider;
- (f) *sixth*, (A) first, to pay *pari passu* and *pro rata* (a) amounts (other than in respect of principal) payable in respect of the Class A1 Notes and the Class A2b Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the Class A1 Noteholders and the Class A2b Noteholders, and (b) all amounts payable to the Series Currency Swap Provider (other than in respect of principal) including any termination payments under the terms of the Class A2b Euro Note Currency Swap Agreement (except for any relevant Currency Swap Provider Default Payment where **Currency Swap Provider Default Payment** means any termination payment due or payable under the Class A2b Note Currency Swap Agreement as a result of the occurrence of an Event of Default (as defined therein) where the Series Currency Swap Provider is the Defaulting Party or an Additional Termination Event relating to the credit rating of the Series Currency Swap Provider (as such terms are defined in the Class A2b Note Currency Swap Agreement)) and if the Class A2b Euro Note Currency Swap Agreement, as the case may be, are not in place, to apply *pari passu* and *pro rata* with such amounts an amount up to the amount which would have been so payable by the Issuer under the Class A2b Euro Note Currency Swap Agreement, as applicable, in exchange for euro in the spot exchange market in order to meet the interest then due on the Class A2b Notes, and (B) second, to the extent that in relation to any spot exchange for euro an amount is obtained which is insufficient to pay interest due on the Class A2b Notes, to apply such further amounts in exchange for euro in the spot exchange market in order to meet such shortfall;
- (g) *seventh*, to pay amounts to be credited to the A1/A2b Principal Deficiency Sub-Ledger (such amounts to be applied in redemption of the Notes in accordance with **Condition 9** (*Redemption and Series Post-Enforcement Call Option*)) until the balance of the A1/A2b Principal Deficiency Sub-Ledger has reached zero;
- (h) *eighth*, to pay *pari passu* and *pro rata* amounts (other than in respect of principal) payable in respect of the Class A3 Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the Class A3 Noteholders);
- (i) *ninth*, to pay amounts to be credited to the A3 Principal Deficiency Sub-Ledger (such amounts to be applied in redemption of the Notes in accordance with **Condition 9** (*Redemption and Series Post-Enforcement Call Option*)) until the balance of the A3 Principal Deficiency Sub-Ledger has reached zero;
- (j) *tenth*, (A) first, to pay *pari passu* and *pro rata* (a) amounts (other than in respect of principal) payable in respect of the Class B Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the Class B Noteholders), and (b) all amounts payable to the Series Currency Swap



Provider (other than in respect of principal) including any termination payment under the terms of the Class Bb Euro Note Currency Swap Agreement (except for any relevant Currency Swap Provider Default Payment) and if the Class Bb Euro Note Currency Swap Agreement is not in place, to apply *pari passu* and *pro rata* with such amounts an amount up to the amount which would have been so payable by the Issuer under the Class Bb Euro Note Currency Swap Agreement in exchange for euro in the spot exchange market in order to meet the interest then due on the Class Bb Notes and (B) second, to the extent that in relation to any spot exchange for euro, an amount is obtained which is insufficient to pay interest due on the Class Bb Notes to apply such further amounts in exchange for euro in the spot exchange market in order to meet such shortfall;

- (k) *eleventh*, to pay amounts to be credited to the B Principal Deficiency Sub-Ledger (such amounts to be applied in redemption of the Notes in accordance with **Condition 9** (*Redemption and Series Post-Enforcement Call Option*)) until the balance of the B Principal Deficiency Sub-Ledger has reached zero;
- (l) *twelfth*, (A) first, to pay *pari passu* and *pro rata* (a) amounts (other than in respect of principal) payable in respect of the Class Cb Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the Class Cb Noteholders), and (b) all amounts payable to the Series Currency Swap Provider (other than in respect of principal) including any termination payment under the terms of the Class Cb Euro Note Currency Swap Agreement (except for any relevant Currency Swap Provider Default Payment) and if the Class Cb Euro Note Currency Swap Agreement is not in place, to apply *pari passu* and *pro rata* with such amounts an amount up to the amount which would have been so payable by the Issuer under the Class Cb Euro Note Currency Swap Agreement in exchange for euro in the spot exchange market in order to meet the interest then due on the Class Cb Notes and (B) second, to the extent that in relation to any spot exchange for euro, an amount is obtained which is insufficient to pay interest due on the Class Cb Notes to apply such further amounts in exchange for euro in the spot exchange market in order to meet such shortfall;
- (m) *thirteenth*, to pay amounts to be credited to the Cb Principal Deficiency Sub-Ledger (such amounts to be applied in redemption of the Notes in accordance with **Condition 9** (*Redemption and Series Post-Enforcement Call Option*)) until the balance of the Cb Principal Deficiency Sub-Ledger has reached zero;
- (n) *fourteenth*, to pay *pari passu* and *pro rata* amounts (other than in respect of principal) payable in respect of the Class D Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the Class D Noteholders);
- (o) *fifteenth*, to pay amounts to be credited to the D Principal Deficiency Sub-Ledger (such amounts to be applied in redemption of the Notes in accordance with **Condition 9** (*Redemption and Series Post-Enforcement Call Option*)) until the balance of the D Principal Deficiency Sub-Ledger has reached zero;
- (p) *sixteenth*, to pay *pari passu* and *pro rata* amounts (other than in respect of principal) payable in respect of the Class E Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the Class E Noteholders);
- (q) *seventeenth*, to pay amounts to be credited to the E Principal Deficiency Sub-Ledger (such amounts to be applied in redemption of the Notes in accordance with **Condition 9** (*Redemption and Series Post-Enforcement Call Option*)) until the balance of the E Principal Deficiency Sub-Ledger has reached zero;
- (r) *eighteenth*, to credit the Series Reserve Ledger, until the balance of the Series Reserve Fund reaches the Series Reserve Fund Required Amount;



- (s) *nineteenth*, to credit to the Programme Account in respect of Parent's Profit Ledger an amount equal to 0.01% of the Available Revenue Funds in respect of such Distribution Date less any liability for tax on such amount as has been provided for in accordance with subparagraph (b)(v) above on such Distribution Date;
- (t) *twentieth*, to pay *pari passu* and *pro rata* an amount, if any, equal to the portion of Valued Added Tax owing in respect of any fee due and payable to the Series Cash Manager, the Series Mortgage Administrator, the Series Servicer or the Series Standby Mortgage Administrator (as applicable) under the Series Cash Management Agreement, the Series Mortgage Administration Agreement, the Series Servicing Agreement or the Series Standby Mortgage Administration Agreement (as applicable) that exceeds 17.5%;
- (u) *twenty-first*, in or towards *pari passu* and *pro rata* payment of any Currency Swap Provider Default Payment or Interest Rate Swap Provider Default Payment payable to any Series Currency Swap Provider or Series Interest Rate Swap Provider, as applicable, under the terms of the Series Currency Swap Agreements or Series Interest Rate Swap Agreement, as applicable;
- (v) *twenty-second*, in or towards satisfaction of all other amounts due and payable to any other Series Secured Creditor that are not otherwise provided for in this priority of payments or in the Series Pre-Acceleration Principal Priority of Payments;
- (w) *twenty-third*,
  - (i) on any Distribution Date while any Notes remain outstanding, to credit to the Series Cap Reserve Ledger the lower of (A) any remaining Available Revenue Funds after paying or providing for amounts under paragraphs (a) to (v) above and (B) the sum of (i) amounts paid under the Series Interest Rate Cap Agreement pursuant to the Series Interest Rate Cap Agreement during the relevant Interest Period (other than any cap termination payments received from the Series Interest Rate Cap Provider to be applied towards the appointment of a replacement Series Interest Rate Cap Provider) and (ii) an amount equal to the amount standing to the credit of the Series Cap Reserve Ledger immediately prior to making any payments on such Distribution Date; and
  - (ii) on any Distribution Date on which all Notes are redeemed in full, to pay to the Series Interest Rate Cap Certificate Holders the lower of (A) any remaining Available Revenue Funds after paying or providing for amounts under paragraphs (a) to (v) above and (B) the sum of (i) amounts paid under the Series Interest Rate Cap Agreement pursuant to the Series Interest Rate Cap Agreement during the relevant Interest Period (other than any cap termination payments received from the Series Interest Rate Cap Provider to be applied towards the appointment of a replacement Series Interest Rate Cap Provider) and (ii) an amount equal to the amount standing to the credit of the Series Cap Reserve Ledger immediately prior to making any payments on such Distribution Date;
- (x) *twenty-fourth*, to pay amounts payable in respect of the Series Residuals; and
- (y) *twenty-fifth*, to pay any remaining amount to the Issuer or other persons entitled thereto.

On each Distribution Date, Series Permitted Withdrawals that are not amounts provided for under the applicable Series Priorities of Payments and that are permitted to be made on such Distribution Date in accordance with the terms of the Transaction Documents applicable to the Series will be made out of amounts standing to the credit of the Series Transaction Account and such amounts will not form part of the Available Revenue Funds to be applied on such Distribution Date. See further "*Credit Structure – Series Permitted Withdrawals*" in the Offering Circular.

*Series Post-Enforcement, Pre-Acceleration Revenue Priority of Payments*

On each Distribution Date following service of a Series Enforcement Notice but prior to service of a Series Acceleration Notice in respect of the Series, the Security Trustee or any appointee or receiver will hold on trust all Available Revenue Funds received or recovered by it and such Available Revenue Funds will be applied by the Series Cash Manager on behalf of the Security Trustee on each Distribution Date in making the following payments and provisions (the **Series Post-Enforcement Pre-Acceleration Revenue Priority of Payments**) (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

- (a) *first*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
  - (i) the Series Pro Rata Amount in respect of any remuneration due and payable by the Issuer to the Security Trustee under the Security Deed, the Intercreditor Deed and the other Transaction Documents, and any costs, charges, liabilities and expenses incurred by the Security Trustee thereunder and any receiver (including any administrative receiver) or other person appointed by it in respect of the Series under the Security Deed or any other Transaction Document, to be credited to the Programme Account;
  - (ii) the Series Referable Amount in respect of any remuneration due and payable by the Issuer to the Security Trustee under the Security Deed, the Intercreditor Deed and the other Transaction Documents, and any costs, charges, liabilities and expenses incurred by the Security Trustee thereunder and any receiver (including any administrative receiver) or other person appointed by it in respect of the Series under the Security Deed or any other Transaction Document, to be paid to the Security Trustee; and
  - (iii) any remuneration due and payable to the Series Note Trustee under the Series Trust Deed and the other Transaction Documents, and any costs, charges, liabilities and expenses incurred by the Series Note Trustee thereunder to be paid to the Series Note Trustee;
- (b) *second*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
  - (i) prior to a Programme Insolvency Event and/or deemed service of a Programme Enforcement Notice, the Series Referable Amount in respect of amounts then accrued but remaining unpaid to third parties (including audit fees and value added tax, if any) incurred without breach by the Issuer of the Transaction Documents, to be credited to the Programme Account or paid directly to the relevant third party, as the case may be;
  - (ii) prior to a Programme Insolvency Event and/or deemed service of a Programme Enforcement Notice, the Series Pro Rata Amount in respect of amounts then accrued but remaining unpaid to third parties (including audit fees and value added tax, if any) incurred without breach by the Issuer of the Transaction Documents to be credited to the Programme Account;
  - (iii) the Series Referable Amount in respect of amounts payable in respect of insurance contracts relating to the Series Portfolio maintained by or on behalf of the Issuer;
  - (iv) the Series Pro Rata Amount in respect of amounts payable in respect of insurance contracts relating to the Series Portfolio maintained by or on behalf of the Issuer to be credited to the Programme Account; and
  - (v) prior to a Programme Insolvency Event and/or service of a Programme Enforcement Notice, the Series Referable Amount to provide on an accruing basis for the Parent's liability or

possible liability for tax on the basis of the full rate of corporation tax to be credited to the Programme Account;

- (c) *third*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
- (i) the Series Pro Rata Amount in respect of amounts due and payable to the Corporate Services Provider under the Programme Corporate Services Agreement to be credited to the Programme Account;
  - (ii) the Series Pro Rata Amount in respect of amounts due and payable to the Programme Account Bank under the Programme Bank Account Agreement to be credited to the Programme Account;
  - (iii) amounts due and payable to the Series Account Bank under the Series Bank Account Agreement and the Series Guaranteed Investment Contract, to be paid to the Series Account Bank;
  - (iv) the Series Pro Rata Amount in respect of amounts due and payable to the Programme Cash Manager under the Programme Cash Management Agreement to be credited to the Programme Account;
  - (v) the Series Pro Rata Amount in respect of amounts due and payable to the Programme Financial Servicer under the Programme Cash Management Agreement to be credited to the Programme Account;
  - (vi) amounts due and payable, including any fee payable inclusive of Valued Added Tax up to 17.5%, to the Series Cash Manager under the Series Cash Management Agreement, to be paid to the Series Cash Manager;
  - (vii) on a *pro rata* and *pari passu* basis, amounts due and payable to the Series Agents under the Series Agency Agreement, to be paid to the Series Agents; and
  - (viii) on a *pro rata* and *pari passu* basis, amounts due and payable, including any fee payable inclusive of Valued Added Tax up to 17.5%, to the Series Mortgage Administrator, the Series Servicer and the Series Standby Servicer under the Series Mortgage Administration Agreement, the Series Servicing Agreement and the Series Standby Servicing Agreement, respectively, to be paid to the Series Mortgage Administrator, the Series Servicer and the Series Standby Servicer, as the case may be;
- (d) *fourth*, all amounts due and payable to the Series Interest Rate Swap Provider including any termination payment under the terms of the relevant Series Interest Rate Swap Agreement (except for any relevant Interest Rate Swap Provider Default Payment);
- (e) *fifth*, amounts due and payable to the Series Liquidity Facility Provider under the Series Liquidity Facility Agreement, to be paid to the Series Liquidity Facility Provider;
- (f) *sixth*, (A) first, to pay *pari passu* and *pro rata* (a) amounts (other than in respect of principal) payable in respect of the Class A1 Notes and the Class A2b Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the Class A1 Noteholders and the Class A2b Noteholders); and (b) all amounts payable to the Series Currency Swap Provider (other than in respect of principal) including any termination payments under the terms of the Class A2b Euro Note Currency Swap Agreement (except for any relevant Currency Swap Provider Default Payment) and if the Class A2b Euro Note Currency Swap Agreement is not in place, to apply *pari passu* and *pro rata* with such

amounts an amount up to the amount which would have been so payable by the Issuer under the Class A2b Euro Note Currency Swap Agreement in exchange for euro in the spot exchange market in order to meet the interest then due on the Class A2b Notes and (B) second, to the extent that in relation to any spot exchange for euro, an amount is obtained which is insufficient to pay interest due on the Class A2b Notes, to apply such further amounts in exchange for euro in the spot exchange market in order to meet such shortfall;

- (g) *seventh*, to pay amounts to be credited to the A1/A2b Principal Deficiency Sub-Ledger (such amounts to be applied in redemption of the Notes in accordance with **Condition 9** (*Redemption and Series Post-Enforcement Call Option*)) until the balance of the A1/A2b Principal Deficiency Sub-Ledger has reached zero;
- (h) *eighth*, to pay *pari passu* and *pro rata* amounts (other than in respect of principal) payable in respect of the Class A3 Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the Class A3 Noteholders);
- (i) *ninth*, to pay amounts to be credited to the A3 Principal Deficiency Sub-Ledger (such amounts to be applied in redemption of the Notes in accordance with **Condition 9** (*Redemption and Series Post-Enforcement Call Option*)) until the balance of the A3 Principal Deficiency Sub-Ledger has reached zero;
- (j) *tenth*, (A) first, to pay *pari passu* and *pro rata* (a) amounts (other than in respect of principal) payable in respect of the Class B Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the Class B Noteholders); and (b) all amounts payable to the Series Currency Swap Provider (other than in respect of principal) including any termination payment under the terms of the Class Bb Euro Note Currency Swap Agreement (except for any relevant Currency Swap Provider Default Payment) and if the Class Bb Euro Note Currency Swap Agreement is not in place, to apply *pari passu* and *pro rata* with such amounts an amount up to the amount which would have been so payable by the Issuer under the relevant Series Currency Swap Agreement in exchange for euro in the spot exchange market in order to meet the interest then due on the Class Bb Notes, and (B) second, to the extent that in relation to any spot exchange for euro, an amount is obtained which is insufficient to pay interest due on the Class Bb Notes, to apply such further amounts in exchange for euro in the spot exchange market in order to meet such shortfall;
- (k) *eleventh*, to pay amounts to be credited to the B Principal Deficiency Sub-Ledger (such amounts to be applied in redemption of the Notes in accordance with **Condition 9** (*Redemption and Series Post-Enforcement Call Option*)) until the balance of the B Principal Deficiency Sub-Ledger has reached zero;
- (l) *twelfth*, (A) first, to pay *pari passu* and *pro rata* (a) amounts (other than in respect of principal) payable in respect of the Class Cb Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the Class Cb Noteholders); and (b) all amounts payable to the Series Currency Swap Provider (other than in respect of principal) including any termination payment under the terms of the Class Cb Euro Note Currency Swap Agreement (except for any relevant Currency Swap Provider Default Payment) and if the Class Cb Euro Note Currency Swap Agreement is not in place, to apply *pari passu* and *pro rata* with such amounts an amount up to the amount which would have been so payable by the Issuer under the relevant Series Currency Swap Agreement in exchange for euro in the spot exchange market in order to meet the interest then due on the Class Cb Notes, and (B) second, to the extent that in relation to any spot exchange for euro, an amount is obtained which is insufficient to pay interest due on the Class Cb Notes, to apply such further amounts in exchange for euro in the spot exchange market in order to meet such shortfall;

- (m) *thirteenth*, to pay amounts to be credited to the Cb Principal Deficiency Sub-Ledger (such amounts to be applied in redemption of the Notes in accordance with **Condition 9** (*Redemption and Series Post-Enforcement Call Option*)) until the balance of the Cb Principal Deficiency Sub-Ledger has reached zero;
- (n) *fourteenth*, to pay *pari passu* and *pro rata* amounts (other than in respect of principal) payable in respect of the Class D Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the Class D Noteholders);
- (o) *fifteenth*, to pay amounts to be credited to the D Principal Deficiency Sub-Ledger (such amounts to be applied in redemption of the Notes in accordance with **Condition 9** (*Redemption and Series Post-Enforcement Call Option*)) until the balance of the D Principal Deficiency Sub-Ledger has reached zero;
- (p) *sixteenth*, to pay *pari passu* and *pro rata* amounts (other than in respect of principal) payable in respect of the Class E Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the Class E Noteholders);
- (q) *seventeenth*, to pay amounts to be credited to the E Principal Deficiency Sub-Ledger (such amounts to be applied in redemption of the Notes in accordance with **Condition 9** (*Redemption and Series Post-Enforcement Call Option*)) until the balance of the E Principal Deficiency Sub-Ledger has reached zero;
- (r) *eighteenth*, to credit the Series Reserve Ledger, until the balance of the Series Reserve Fund reaches the Series Reserve Fund Required Amount;
- (s) *nineteenth*, prior to a Programme Insolvency Event and/or service of a Programme Enforcement Notice, to credit to the Programme Account in respect of the Parent's Profit Ledger an amount equal to 0.01% of the Available Revenue Funds in respect of such Distribution Date less any liability for tax on such amount as has been provided for in accordance with subparagraph (b)(v) above on such Distribution Date;
- (t) *twentieth*, to pay *pari passu* and *pro rata* an amount, if any, equal to the portion of Valued Added Tax owing in respect of any fee due and payable to the Series Cash Manager, the Series Mortgage Administrator, the Series Servicer or the Series Standby Mortgage Administrator (as applicable) under the Series Cash Management Agreement, the Series Mortgage Administration Agreement, the Series Servicing Agreement or the Series Standby Mortgage Administration Agreement (as applicable) that exceeds 17.5%;
- (u) *twenty-first*, in or towards *pari passu* and *pro rata* payment of any Currency Swap Provider Default Payment or Interest Rate Swap Provider Default Payment payable to any Series Currency Swap Provider or Series Interest Rate Swap Provider, as applicable, under the terms of the Series Currency Swap Agreements or Series Interest Rate Swap Agreement, as applicable;
- (v) *twenty-second*, prior to a Programme Insolvency Event and/or service of a Programme Enforcement Notice, in or towards satisfaction of all other amounts due and payable to any other Series Secured Creditor that are not otherwise provided for in this priority of payments or in the Series Pre-Acceleration Principal Priority of Payments;
- (w) *twenty-third*,
  - (i) on any Distribution Date while any Notes remain outstanding, to credit to the Series Cap Reserve Ledger the lower of (A) any remaining Available Revenue Funds after paying or providing for amounts under paragraphs (a) to (v) above and (B) the sum of (i) amounts paid



under the Series Interest Rate Cap Agreement pursuant to the Series Interest Rate Cap Agreement during the relevant Interest Period (other than any cap termination payments received from the Series Interest Rate Cap Provider to be applied towards the appointment of a replacement Series Interest Rate Cap Provider) and (ii) an amount equal to the amount standing to the credit of the Series Cap Reserve Ledger immediately prior to making any payments on such Distribution Date; and

- (ii) on any Distribution Date on which all Notes are redeemed in full, to pay to the Series Interest Rate Cap Certificate Holders the lower of (A) any remaining Available Revenue Funds after paying or providing for amounts under paragraphs (a) to (v) above and (B) the sum of (i) amounts paid under the Series Interest Rate Cap Agreement pursuant to the Series Interest Rate Cap Agreement during the relevant Interest Period (other than any cap termination payments received from the Series Interest Rate Cap Provider to be applied towards the appointment of a replacement Series Interest Rate Cap Provider) and (ii) an amount equal to the amount standing to the credit of the Series Cap Reserve Ledger immediately prior to making any payments on such Distribution Date;
- (x) *twenty-fourth*, to pay amounts payable in respect of the Series Residuals; and
- (y) *twenty-fifth*, to provide for any remaining amounts to the Issuer or other persons entitled thereto provided that such amounts will be retained in the Series Transaction Account and applied by or on behalf of the Security Trustee on the next Distribution Date as Available Revenue Funds under this priority of payments or applied under the Series Post-Acceleration Priority of Payments, as applicable. After satisfaction in full of amounts ranking in priority to this paragraph (taking into account any such amounts payable on any future Distribution Date), Available Revenue Funds in an amount equal to the amount otherwise payable under this paragraph will be applied by or on behalf of the Security Trustee as Actual Redemption Funds under the Series Pre-Acceleration Principal Priority of Payments. After the satisfaction in full of all amounts under the Series Pre-Acceleration Principal Priority of Payments (taking into account any such amounts payable on any future Distribution Date), Available Revenue Funds payable under this paragraph will be deposited in the Programme Account for application in accordance with the Programme Priority of Payments set out in the Offering Circular.

*Series Pre-Acceleration Principal Priority of Payments*

**Actual Redemption Funds** means as at any Determination Date, an amount calculated as the aggregate of:

- (a) the amount standing to the credit of the relevant Series Principal Ledger as at the end of the Business Day before the Determination Date and the amount (if any) standing to the credit of the relevant Series Further Advances Ledger (before the transfer of the Committed Further Advances calculated on that Determination Date from the relevant Series Principal Ledger) (and, for the avoidance of doubt, such amount (if any) shall be transferred to the relevant Series Principal Ledger on such Determination Date);
- (b) the amount (if any) calculated on that Determination Date pursuant to the Series Pre-Enforcement Revenue Priority of Payments, to be the amount by which the debit balance on any of the relevant Series Principal Deficiency Ledgers is expected to be reduced by the application of Available Revenue Funds on the immediately succeeding Distribution Date; less
- (c) the Committed Further Advances calculated on such Determination Date; and
- (d) the amount (if any) payable by the Issuer for Substitute Loans on the immediately succeeding Distribution Date.

On each Distribution Date prior to the service of a Series Acceleration Notice, Actual Redemption Funds standing to the credit of the Series Transaction Account will be applied by or on behalf of the Issuer in making the following payments and provisions (the **Series Pre-Acceleration Principal Priority of Payments**) (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

- (a) *first, pari passu* and *pro rata* to the holders of the Class A1 Notes in respect of principal amount outstanding on the Class A1 Notes;
- (b) *second, pari passu* and *pro rata* to (a) the holders of the Class A2b Notes in respect of principal amount outstanding on the Class A2b Notes; and (b) the Series Currency Swap Provider in respect of principal amounts due under the terms of the Class A2b Euro Note Currency Swap Agreement (except for any termination payment due to the Series Currency Swap Provider under such agreement) or, in the case of (b) above, if there is no Class A2b Euro Note Currency Swap Agreement then in place, to exchange for euro in the spot exchange market. All such amounts received under part (b) above or in the spot exchange market (the **Class A2b Euro Redemption Amounts**) shall be applied in redemption of the Class A2b Notes, as provided in **Condition 9** (*Redemption and Series Post-Enforcement Call Option*) until the Class A2b Notes are redeemed in full;
- (c) *third, pari passu* and *pro rata* to the holders of the Class A3 Notes in respect of principal amount outstanding on the Class A3 Notes;
- (d) *fourth, pari passu* and *pro rata* to (a) the holders of the Class B Notes in respect of principal amount outstanding on the Class B Notes; and (b) the Series Currency Swap Provider in respect of principal amounts due under the terms of the Class Bb Euro Note Currency Swap Agreement (except for any termination payment due to the Series Currency Swap Provider under such agreement) or, in the case of (b) above, if there is no Class Bb Euro Note Currency Swap Agreement then in place, to exchange for euro in the spot exchange market. All such amounts received under part (b) above or in the spot exchange market (the **Class Bb Euro Redemption Amounts**) shall be applied in redemption of the Class Bb Notes, as provided in **Condition 9** (*Redemption and Series Post-Enforcement Call Option*) until the Class Bb Notes are redeemed in full;
- (e) *fifth, pari passu* and *pro rata* to (a) the holders of the Class Cb Notes in respect of principal amount outstanding on the Class Cb Notes; and (b) the Series Currency Swap Provider in respect of principal amounts due under the terms of the Class Cb Euro Note Currency Swap Agreement (except for any termination payment due to the Series Currency Swap Provider under such agreement) or, in the case of (b) above, if there is no Class Cb Euro Note Currency Swap Agreement then in place, to exchange for euro in the spot exchange market. All such amounts received under part (b) above or in the spot exchange market (the **Class Cb Euro Redemption Amounts**) shall be applied in redemption of the Class Cb Notes, as provided in **Condition 9** (*Redemption and Series Post-Enforcement Call Option*) until the Class Cb Notes are redeemed in full;
- (f) *sixth, pari passu* and *pro rata* to the holders of the Class D Notes in respect of principal amount outstanding on the Class D Notes; and
- (g) *seventh, pari passu* and *pro rata* to the holders of the Class E Notes in respect of principal amount outstanding on the Class E Notes,

provided always that the Actual Redemption Funds shall not be applied in the order set out in the Series PreAcceleration Principal Priority of Payments but shall instead be applied pro rata between the Class A1 Notes, the Class A2b Notes, the Class A3 Notes, the Class B Notes, the Class Cb Notes, the Class D Notes and the Class E Notes comprising items (a) to (g) of the Series Pre-Acceleration Principal Priority of Payments (except that the Actual Redemption Funds to be applied in respect of the Class A1 Notes and the



Class A2b Notes shall be applied in the order set out in items (a) to (b) of the Series Pre-Acceleration Principal Priority of Payments) on any Distribution Date immediately succeeding a Determination Date on which all of the following conditions are met:

- (i) the Trigger Ratio (as defined below) is satisfied;
- (ii) the aggregate of the Balances of all Loans in the Series Portfolio that are 90 days or more in arrears (including, for the avoidance of doubt, any Loans in that Series Portfolio in respect of which Enforcement Procedures have commenced and the Property in respect of that Loan has not been sold) on such Determination Date as a percentage of the aggregate Balances of all Loans in the Series Portfolio does not exceed 20% (or such greater percentage agreed between the Issuer and the Security Trustee and as notified by the Rating Agencies from time to time upon the basis that such increase will not adversely affect the then current rating of the Notes of the Series);
- (iii) the balance on the Series Principal Deficiency Sub-Ledgers is zero;
- (iv) the amount of the available Series Reserve Fund is not below the Series Reserve Fund Required Amount;
- (v) the Liquidity Drawn Amount is zero; and
- (vi) the aggregate Principal Amount Outstanding of the Notes is more than 10% of the aggregate Principal Amount Outstanding of the Notes on the Issue Date.

The **Trigger Ratio** shall be satisfied if  $X/Y$  (expressed as a percentage) is less than  $P/2Q$  (expressed as a percentage) where:

X = the Principal Amount Outstanding of the Class A1 Notes and the Class A2b Notes on the Determination Date on which the Trigger Ratio is to be calculated.

Y = the Principal Amount Outstanding of the Class A3 Notes, the Class B Notes, the Class Cb Notes, the Class D Notes and the Class E Notes on the Determination Date on which the Trigger Ratio is to be calculated.

P = the Principal Amount Outstanding of the Class A1 Notes and the Class A2b Notes on the Issue Date.

Q = the Principal Amount Outstanding of the Class A3 Notes, the Class B Notes, the Class Cb Notes, the Class D Notes and the Class E Notes on the Issue Date.

#### *Series Post-Acceleration Priority of Payments*

Following service of a Series Acceleration Notice, all moneys received or recovered by the Security Trustee (or a receiver appointed on its behalf) in respect of the Series or by the Series Cash Manager on behalf of the Security Trustee under the Security Deed (other than any collateral provided by the Series Interest Rate Cap Provider, the Series Interest Rate Swap Provider, the Series Spread Cap Provider or the Series Currency Swap Provider) will be applied following the enforcement of the security in respect of the Series in the following order of priority (the **Series Post-Acceleration Priority of Payments**) (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

- (a) *first*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
  - (i) the Series Pro Rata Amount in respect of any remuneration due and payable by the Issuer to the Security Trustee under the Security Deed, the Intercreditor Deed and the other Transaction Documents, and any costs, charges, liabilities and expenses incurred by the Security Trustee

- (including, without limitation, any claims in respect of any indemnities) thereunder and any receiver (including any administrative receiver) or other person appointed by it under the Security Deed or any other Transaction Document to be credited to the Programme Account;
- (ii) the Series Referable Amount in respect of any remuneration due and payable to the Security Trustee under the Security Deed, the Intercreditor Deed and the other Transaction Documents, and any costs, charges, liabilities and expenses incurred by the Security Trustee (including, without limitation, any claims in respect of any indemnities) thereunder and any receiver (including any administrative receiver) or other person appointed by it under the Security Deed or any other Transaction Document in respect of the Series, to be paid to the Security Trustee; and
  - (iii) any remuneration due and payable to the Series Note Trustee under the Series Trust Deed and the other Transaction Documents, and any costs, charges, liabilities and expenses incurred by the Series Note Trustee (including, without limitation, any claims in respect of any indemnities) thereunder, to be paid to the Series Note Trustee;
- (b) *second*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
- (i) the Series Pro Rata Amount in respect of amounts due and payable to the Corporate Services Provider under the Programme Corporate Services Agreement to be credited to the Programme Account;
  - (ii) the Series Pro Rata Amount in respect of amounts due and payable to the Programme Account Bank under the Programme Bank Account Agreement to be credited to the Programme Account;
  - (iii) amounts due and payable to the Series Account Bank under the Series Bank Account Agreement and the Series Guaranteed Investment Contract, to be paid to the Series Account Bank;
  - (iv) the Series Pro Rata Amount in respect of amounts due and payable to the Programme Cash Manager under the Programme Cash Management Agreement to be credited to the Programme Account;
  - (v) the Series Pro Rata Amount in respect of amounts due and payable to the Programme Financial Servicer under the Programme Cash Management Agreement to be credited to the Programme Account;
  - (vi) amounts due and payable, including any fee payable inclusive of Valued Added Tax up to 17.5%, to the Series Cash Manager under the Series Cash Management Agreement, to be paid to the Series Cash Manager;
  - (vii) on a *pro rata* and *pari passu* basis, amounts due and payable to the Series Agents under the Series Agency Agreement, to be paid to the Series Agents; and
  - (viii) on a *pro rata* and *pari passu* basis, amounts due and payable, including any fee payable inclusive of Valued Added Tax up to 17.5%, to the Series Mortgage Administrator, the Series Servicer and the Series Standby Mortgage Administrator under the Series Mortgage Administration Agreement, the Series Servicing Agreement and the Series Standby Mortgage Administration Agreement, respectively, to be paid to the Series Mortgage Administrator, the Series Servicer and the Series Standby Mortgage Administrator, as the case may be;

- (c) *third*, prior to a Programme Insolvency Event and/or service of a Programme Enforcement Notice, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
- (i) the Series Referable Amount to provide for an accruing basis for the Parent's liability or possible liability for tax on the basis of the full rate of corporation tax;
  - (ii) the Series Referable Amount in respect of amounts then accrued but remaining unpaid to third parties (including audit fees and value added tax, if any) incurred without breach by the Issuer of the Transaction Documents, to be credited to the Programme Account or paid directly to the relevant third party, as the case may be;
  - (iii) the Series Pro Rata Amount in respect of amounts then accrued but remaining unpaid to third parties (including audit fees and value added tax, if any) incurred without breach by the Issuer of the Transaction Documents to be credited to the Programme Account;
  - (iv) the Series Pro Rata Amount in respect of amounts payable in respect of insurance contracts relating to the Series Portfolio maintained by or on behalf of the Issuer to be credited to the Programme Account; and
  - (v) the Series Referable Amount in respect of amounts payable in respect of insurance contracts relating to the Series Portfolio maintained by or on behalf of the Issuer;
- (d) *fourth*, amounts due and payable to the Series Interest Rate Swap Provider in respect of notional interest and any termination payment under the terms of the relevant Series Interest Rate Swap Agreement (except for any relevant Interest Rate Swap Provider Default Payment);
- (e) *fifth*, amounts due and payable to the Series Liquidity Facility Provider under the Series Liquidity Facility Agreement, to be paid to the Series Liquidity Facility Provider;
- (f) *sixth*, to pay, *pro rata* and *pari passu*:
- (i) (a) amounts (other than in respect of principal) payable in respect of the Class A1 Notes and the Class A2b Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the Class A1 Noteholders and the Class A2b Noteholders); and all amounts payable to the Series Currency Swap Provider (other than in respect of principal) including any termination payments under the terms of the Class A2b Euro Note Currency Swap Agreement (except in each case for any relevant Currency Swap Provider Default Payment) and if the Class A2b Euro Note Currency Swap Agreement is not in place, to apply *pari passu* and *pro rata* with such amounts an amount up to the amount which would have been so payable by the Issuer under the Class A2b Euro Note Currency Swap Agreement, as applicable, in exchange for euro in the spot exchange market in order to meet the interest then due on the Class A2b Notes, and (b) to the extent that in relation to any spot exchange for euro, an amount is obtained which is insufficient to pay interest due on the Class A2b Notes, to apply such further amounts in exchange for euro in the spot exchange market in order to meet such shortfall (all euro amounts received pursuant to exchange in the spot market under (a) and (b) above are to be applied in payment of interest due in respect of the Class A2b Notes, as the case may be);
  - (ii) to the holders of the Class A1 Notes in respect of principal of the Class A1 Notes;
  - (iii) to (a) the holders of the Class A2b Notes in respect of principal of the Class A2b Notes; and (b) the Series Currency Swap Provider in respect of principal under the terms of the Class A2b Euro Note Currency Swap Agreement (except for any relevant Currency Swap Provider Default Payment) or, in the case of (b) above, if there is no Class A2b Euro Note Currency Swap Agreement then in place, to exchange for euro in the spot exchange market. All such Class A2b

Euro Redemption Amounts shall be applied in redemption of the Class A2b Notes as provided in **Condition 9** (*Redemption and Series Post-Enforcement Call Option*) until the Class A2b Notes are redeemed in full;

(g) *seventh*, to pay, *pro rata* and *pari passu*:

- (i) (a) amounts (other than in respect of principal) payable in respect of the Class A3 Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the Class A3 Noteholders);
- (ii) to (a) the holders of the Class A3 Notes in respect of principal of the Class A3 Notes;

(h) *eighth*, to pay, *pro rata* and *pari passu*:

- (i) (a) amounts (other than in respect of principal) payable in respect of the Class B Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the Class B Noteholders); and all amounts payable to the Series Currency Swap Provider (other than in respect of principal) including any termination payment under the terms of the Class Bb Euro Note Currency Swap Agreement (except in each case for any relevant Currency Swap Provider Default Payment) and if the Class Bb Euro Note Currency Swap Agreement is not in place, to apply *pari passu* and *pro rata* with such amounts an amount up to the amount which would have been so payable by the Issuer under the Class Bb Euro Note Currency Swap Agreement in exchange for euro in the spot exchange market in order to meet the interest then due on the Class B Notes and (b) to the extent that in relation to any spot exchange for euro, an amount is obtained which is insufficient to pay interest due on the Class Bb Notes, to apply such further amounts in exchange for euro in the spot exchange market in order to meet such shortfall (all euro amounts received pursuant to exchange in the spot market under (a) and (b) above are to be applied in payment of interest due in respect of the Class Bb Notes);
- (ii) to (a) the holders of the Class B Notes in respect of principal of the Class B Notes; and (b) the Series Currency Swap Provider in respect of principal under the terms of the Class Bb Euro Note Currency Swap Agreement (except for any relevant Currency Swap Provider Default Payment) or, in the case of (b) above, if there is no Class Bb Euro Note Currency Swap Agreement then in place, to exchange for euro in the spot exchange market. All such Class Bb Euro Redemption Amounts shall be applied in redemption of the Class Bb Notes as provided in **Condition 9** (*Redemption and Series Post-Enforcement Call Option*) until the Class B Notes are redeemed in full;

(i) *ninth*, to pay, *pro rata* and *pari passu*:

- (i) (a) amounts (other than in respect of principal) payable in respect of the Class Cb Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the Class Cb Noteholders); and all amounts payable to the Series Currency Swap Provider (other than in respect of principal) including any termination payment under the terms of the Class Cb Euro Note Currency Swap Agreement (except in each case for any relevant Currency Swap Provider Default Payment) and if the Class Cb Euro Note Currency Swap Agreement is not in place, to apply *pari passu* and *pro rata* with such amounts an amount up to the amount which would have been so payable by the Issuer under the Class Cb Euro Note Currency Swap Agreement in exchange for euro in the spot exchange market in order to meet the interest then due on the Class Cb Notes and (b) to the extent that in relation to any spot exchange for euro, an amount is obtained which is insufficient to pay interest due on the Class Cb Notes, to apply such further amounts in exchange for euro in the spot exchange market in order to meet such shortfall (all

euro amounts received pursuant to exchange in the spot market under (a) and (b) above are to be applied in payment of interest due in respect of the Class Cb Notes);

- (ii) to (a) the holders of the Class Cb Notes in respect of principal of the Class Cb Notes; and (b) the Series Currency Swap Provider in respect of principal under the terms of the Class Cb Euro Note Currency Swap Agreement (except for any relevant Currency Swap Provider Default Payment) or, in the case of (b) above, if there is no Class Cb Euro Note Currency Swap Agreement then in place, to exchange for euro in the spot exchange market. All such Class Cb Euro Redemption Amounts shall be applied in redemption of the Class Cb Notes as provided in **Condition 9** (*Redemption and Series Post-Enforcement Call Option*) until the Class Cb Notes are redeemed in full;
- (j) *tenth*, to pay, *pro rata* and *pari passu*:
  - (i) amounts (other than in respect of principal) payable in respect of the Class D Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the Class D Noteholders);
  - (ii) to the holders of the Class D Notes in respect of principal of the Class D Notes;
- (k) *eleventh*, to pay, *pro rata* and *pari passu*:
  - (i) amounts (other than in respect of principal) payable in respect of the Class E Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the Class E Noteholders); and
  - (ii) to the holders of the Class E Notes in respect of principal of the Class E Notes;
- (l) *twelfth*, to pay *pari passu* and *pro rata* an amount, if any, equal to the portion of Valued Added Tax owing in respect of any fee due and payable to the Series Cash Manager, the Series Mortgage Administrator, the Series Servicer or the Series Standby Mortgage Administrator (as applicable) under the Series Cash Management Agreement, the Series Mortgage Administration Agreement, the Series Servicing Agreement or the Series Standby Mortgage Administration Agreement (as applicable) that exceeds 17.5%;
- (m) *thirteenth*, in or towards *pari passu* and *pro rata* payment of any Currency Swap Provider Default Payment or Interest Rate Swap Provider Default Payment payable to any Series Currency Swap Provider or Series Interest Rate Swap Provider, as applicable, under the terms of the Series Currency Swap Agreements or Series Interest Rate Swap Agreement, as applicable;
- (n) *fourteenth*, prior to a Programme Insolvency Event and/or service of a Programme Enforcement Notice, in or towards satisfaction of all other amounts due and payable to any other Series Secured Creditors that are not otherwise provided for in this priority of payments;
- (o) *fifteenth*, prior to a Programme Insolvency Event and/or service of a Programme Enforcement Notice, to credit to the Programme Account in respect of the Parent's Profit Ledger an amount equal to 0.01% of the revenue amounts applied under this priority of payments less any liability for tax on such amount as has been provided for in accordance with subparagraph (c)(i) above on such date;
- (p) *sixteenth*, to pay to the Series Interest Rate Cap Certificate Holders the lower of (A) any remaining moneys received or recovered by the Security Trustee after paying or providing for amounts under paragraphs (a) to (o) above and (B) the sum of (i) amounts paid under the Series Interest Rate Cap Agreement pursuant to the Series Interest Rate Cap Agreement during the relevant Interest Period (other than any cap termination payments received from the Series Interest Rate Cap Provider to be

applied towards the appointment of a replacement Series Interest Rate Cap Provider) and (ii) an amount equal to the amount standing to the credit of the Series Cap Reserve Ledger immediately prior to making any payments under this Series Post-Acceleration Priority of Payments;

(q) *seventeenth*, to pay amounts payable in respect of the Series Residuals; and

(r) *eighteenth*, to deposit any remaining amount in the Programme Account.

**Determination Date** means each day which falls five Business Days prior to a Distribution Date.

**Distribution Date** means the 15th of March and thereafter the 15th of June, the 15th of September and the 15th of December in each calendar year unless such day is not a Business Day, in which case the Distribution Date shall be the following day which is a Business Day.

**Class A2b Euro Note Currency Swap Agreement** means the currency swap agreement dated on or about the Issue Date between the Issuer and the Series Currency Swap Provider in respect of the Class A2b Notes.

**Class Bb Euro Note Currency Swap Agreement** means the currency swap agreement dated on or about the Issue Date between the Issuer and the Series Currency Swap Provider in respect of the Class Bb Notes.

**Class Cb Euro Note Currency Swap Agreement** means the currency swap agreement dated on or about the Issue Date between the Issuer and the Series Currency Swap Provider in respect of the Class Cb Notes.



## TRANSACTION DOCUMENTS

In addition to the disclosure under “*Transaction Documents*” in the Offering Circular, the following documents may be entered into by the Issuer in connection with Series 2007-3:

### **Remarketing Agreement**

On the Issue Date, the Issuer, the Series Cash Manager, the Remarketing Agent, the Conditional Note Purchaser and the Security Trustee will enter into the Remarketing Agreement. Pursuant to the Remarketing Agreement, the Remarketing Agent will act as agent of the Issuer prior to the occurrence of a Remarketing Termination Event (i) in respect of the remarketing of the outstanding Remarketable Notes on each Transfer Date, and (ii) in connection with the purchase by the Conditional Note Purchaser on a Transfer Date of all the outstanding Remarketable Notes (if any) if all or any of the Remarketable Notes are not successfully remarketed during the Remarketing Period (as defined below) prior to such Transfer Date.

Prior to the occurrence of a Remarketing Termination Event, in the period from and including the 20th Business Day prior to a Transfer Date, to and including the 5th Business Day prior to a Transfer Date (each a **Remarketing Period**), the Remarketing Agent will use its best efforts to seek bids from potential third party investors for the lowest margin at which they collectively would be willing to purchase all the outstanding Remarketable Notes on and from the applicable Transfer Date.

The Remarketing Agent is required to reset the Margin on the Remarketable Notes on the following terms:

- (a) if one or more third parties are willing to purchase in aggregate all of the outstanding Remarketable Notes, the Margin on all of the outstanding Remarketable Notes will be reset on the relevant Transfer Date to the **Reset Margin** being the lowest margin at which all of the outstanding Remarketable Notes will be purchased by third party purchasers as determined by the Remarketing Agent, provided that the Reset Margin is equal to or lower than the Maximum Reset Margin; or
- (b) if the Conditional Note Purchaser purchases all of the outstanding Remarketable Notes on a Transfer Date, the Margin on all the Remarketable Notes will be reset to the Maximum Reset Margin as from such Transfer Date.

Details of the Reset Margin will be notified to the Series Cash Manager and the Series Spread Cap Provider on the last day of the Remarketing Period prior to each Transfer Date. If (i) the Remarketing Agent is unable to successfully remarket any or all of the outstanding Remarketable Notes on a Transfer Date; (ii) the Reset Margin determined by the Remarketing Agent would, if implemented, be greater than the Maximum Reset Margin; (iii) the Remarketing Agent is unable to procure payment of the Transfer Price from the purchasers of the Remarketable Notes; (iv) a Remarketing Agent Termination Event (as defined below) occurs and a suitable replacement Remarketing Agent is not appointed on or before (twenty) 20 Business Days prior to a Transfer Date or (v) the Remarketing Agreement has been terminated due to the occurrence of a Series of Event Default which is continuing on the first day of the Remarketing Period, the Remarketing Agent will serve a notice on the Conditional Note Purchaser requiring it to purchase all the outstanding Remarketable Notes. The Conditional Note Purchaser will, subject to satisfaction of certain conditions set out in the Conditional Note Purchase Agreement and to the extent that the obligation of the Conditional Note Purchaser to purchase the Remarketable Notes under the Conditional Note Purchase Agreement has not been terminated, be obliged to purchase all the Remarketable Notes on that Transfer Date subject in the case of (v), to the relevant Series Event of Default having been remedied or waived on or before three Business Days prior to the Transfer Date.

Any Transfer Price paid to the Remarketing Agent by any third party purchaser or the Conditional Note Purchaser for the outstanding Remarketable Notes as part of the transfer arrangements will be held by the Remarketing Agent as client funds for the relevant Noteholder.

The Remarketing Agreement may be terminated by the Issuer if:

- (a) any warranty, representation or statement which is given by the Remarketing Agent proves to be incorrect in a manner that materially and adversely affects the financial condition of the Remarketing Agent or its ability to observe or perform its obligations under the Remarketing Agreement and the Conditional Note Purchase Agreement;
- (b) the Remarketing Agent fails to observe or perform any of its obligations under the Remarketing Agreement or the Conditional Note Purchase Agreement and, in the case of a failure capable of being remedied, such failure is not remedied within five Business Days of the Series Cash Manager, acting on behalf of the Issuer, notifying the Remarketing Agent of the failure and as a result of such failure, the financial condition of the Remarketing Agent or its ability to observe or perform its obligations under the Remarketing Agreement and the Conditional Note Purchase Agreement is materially and adversely affected;
- (c) the Remarketing Agent, other than for the purposes of amalgamation or reconstruction as is referred to in paragraph (d) below, ceases or threatens to cease to carry on business or becomes unable to pay its debts as and when they fall due;
- (d) an order is made or an effective resolution is passed for the winding-up of the Remarketing Agent except a winding-up for the purposes of or pursuant to an amalgamation or reconstruction, the terms of which have previously been approved by the Series Cash Manager on behalf of the Issuer (such approval not to be unreasonably withheld or delayed); or
- (e) proceedings are otherwise initiated against the Remarketing Agent under any applicable liquidation, insolvency, composition, reorganisation or other similar laws and such proceedings are not in the reasonable opinion of the Series Cash Manager, acting on behalf of the Issuer, disputed in good faith with a reasonable prospect of success, or an administrator is appointed, or a receiver, liquidator or other similar official is appointed in relation to the Remarketing Agent or in relation to the whole or any substantial part of the undertaking or assets of the Remarketing Agent, or an encumbrancer takes possession of the whole or any substantial part of the undertaking or assets of the Remarketing Agent, or a distress, execution, diligence or other process is levied or enforced upon or sued out against the whole or any substantial part of the undertaking or assets of the Remarketing Agent and such possession or process (as the case may be) is not discharged or does not otherwise cease to apply within 30 days, or the Remarketing Agent initiates or consents to proceedings relating to itself under applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of its creditors generally,

(each a **Remarketing Agent Termination Event**).

The Remarketing Agreement may be terminated by the Remarketing Agent if:

- (a) a Series Event of Default has occurred and is continuing (i.e. it has not been remedied or waived) as at the first day of the Remarketing Period or any subsequent date thereafter;
- (b) all of the Remarketable Notes have been purchased by the Conditional Note Purchaser;
- (c) any condition specified as a condition precedent to the Conditional Note Purchaser's obligation to purchase the Remarketable Notes is not satisfied on any date on or by which it must be satisfied;

- (d) a Remarketing Agent Termination Event occurs and a suitable replacement Remarketing Agent is not appointed on or before (twenty) 20 Business Days prior to a Transfer Date; or
- (e) the Conditional Note Purchase Agreement is terminated as a result of the Conditional Note Purchaser not electing to extend its commitment pursuant to the Conditional Note Purchase Agreement.

The occurrence of any of the events set out above in respect of the Remarketable Notes will constitute a **Remarketing Termination Event**.

Following the occurrence of a Remarketing Termination Event, the Remarketing Agent shall have no further obligations under the Remarketing Agreement, unless a Remarketing Termination Event as described in paragraph (a) or (d) above has occurred. In such circumstances, the Remarketing Agent will be required to serve a notice on the Conditional Note Purchaser requiring it to purchase all the outstanding Remarketable Notes on the relevant Transfer Date (subject in the case of (a), to the relevant Series Event of Default having been remedied or waived on or before three Business Days prior to such Transfer Date).

The Issuer will pay a fee to the Remarketing Agent in consideration of it entering into the Remarketing Agreement and complying with its obligations thereunder.

If the Remarketing Agreement is terminated as a result of the Conditional Note Purchaser not electing to extend its commitment to purchase the outstanding Remarketable Notes, the Issuer (or the Series Cash Manager on its behalf) may enter into a replacement remarketing agreement with a replacement remarketing agent to remarket the outstanding Remarketable Notes (if any) prior to the next Transfer Date. If a replacement remarketing agent is appointed, some or all of the funds standing to the credit of the CNP Fee Reserve Ledger may be used to pay a fee to the replacement remarketing agent as consideration for it entering into a remarketing agreement and complying with its obligations thereunder. Any replacement remarketing agreement must be entered into on terms reasonably acceptable to the Issuer and the Security Trustee, and will be subject to confirmation from S&P and Fitch that the then current ratings of the Remarketable Notes will not be withdrawn or downgraded as a result thereof. Unless a replacement remarketing agent and conditional note purchaser is appointed, the Remarketable Notes will cease to have the benefit of the remarketing and conditional note purchase arrangements after the Transfer Date following the election of the Conditional Note Purchaser not to extend its commitment and will be remarketed as term notes by the Remarketing Agent in the Remarketing Period prior to such Transfer Date.

The Remarketing Agreement will be governed by English Law.

### **Conditional Note Purchase Agreement**

On the Issue Date, the Issuer, the Security Trustee, the Series Cash Manager, the Remarketing Agent and the Conditional Note Purchaser will enter into a **Conditional Note Purchase Agreement**. The Conditional Note Purchase Agreement is a commitment of the Conditional Note Purchaser to purchase the Remarketable Notes on the Transfer Date falling in December 2008 for the Transfer Price if the Remarketing Agent does not successfully remarket all or any of the Remarketable Notes or if a Remarketing Termination Event as described in paragraph (a) (subject to the relevant Series Event of Default having been remedied or waived on or before three Business Days prior to such Transfer Date) or (d) in the section above has occurred, subject to certain conditions. No later than 20 Business Days prior to the commencement of the first Remarketing Period, the Conditional Note Purchaser may give a notice to the Issuer and the Remarketing Agent extending its commitment to purchase any outstanding Remarketable Notes on the Transfer Date in December 2009. If the Conditional Note Purchaser does not elect to extend its commitment, the obligation of the Conditional Note Purchaser to purchase any outstanding Remarketable Notes shall cease following the Transfer Date in December 2008. In such instance, the obligations of the Remarketing Agent will also cease following the Transfer Date in December 2008.

If the Conditional Note Purchaser does not elect to extend its commitment to purchase the Remarketable Notes, the Issuer (or the Series Cash Manager on its behalf) may appoint a replacement conditional note purchaser to purchase the outstanding Remarketable Notes on the Distribution Date in December 2009. If the Conditional Note Purchaser elects to extend its commitment to purchase the Remarketable Notes to the Transfer Date falling in December 2009 or a replacement conditional note purchaser is appointed, some or all of the funds standing to the credit of the CNP Fee Reserve Ledger may be used to pay a fee to the Conditional Note Purchaser and the Remarketing Agent or to the replacement conditional note purchaser, as the case may be, as consideration for it extending the existing commitment or entering into a conditional note purchase agreement and complying with its obligations thereunder. Any replacement conditional note purchase agreement must be entered into on terms reasonably acceptable to the Issuer and the Security Trustee, and will be subject to confirmation from S&P and Fitch that the then current ratings of the Remarketable Notes will not be withdrawn or downgraded as a result thereof. Unless a replacement remarketing agent and conditional note purchaser is appointed, the Remarketable Notes will cease to have the benefit of the remarketing and conditional note purchase arrangements after the Transfer Date following the election of the Conditional Note Purchaser not to extend its commitment.

#### *Conditions Precedent to Purchase*

The Conditional Note Purchaser will not be obliged to purchase the outstanding Remarketable Notes on any Transfer Date if:

- (i) a Series Event of Default has occurred and is continuing on the date which is three Business Days prior to the relevant Transfer Date or on any subsequent date thereafter;
- (ii) the Class A1/A2b Principal Deficiency Sub-Ledger has and continues to have a debit balance on the date the notice is served on it requiring it to purchase the Remarketable Notes and on the Transfer Date; or
- (iii) the Conditional Note Purchaser has received notice from the Series Cash Manager that there will be insufficient Available Revenue Funds to pay all amounts of interest on the Remarketable Notes scheduled to be paid on the Transfer Date.

Subject to the following sentence, by written notice to the Issuer, the Series Cash Manager and the Remarketing Agent, the Conditional Note Purchaser may at any time after the Issue Date (and, where the ratings of the Conditional Note Purchaser are downgraded below the Requisite Ratings, shall use its best efforts to, within 30 calendar days after such downgrade) transfer to any one person having short-term, unsecured and unguaranteed debt ratings of “A-1+” by S&P, “P-1” by Moody’s and “F1+” by Fitch (the **Requisite Ratings**) as at the date of such transfer (such person, an **Eligible Transferee**) all of its rights and obligations under the Conditional Note Purchase Agreement or obtain a guarantee of its obligations under the Conditional Note Purchase Agreement from a financial institution having the Requisite Ratings. The Conditional Note Purchaser will not transfer any of its rights or obligations or obtain a guarantee of its obligations under the Conditional Note Purchase Agreement without:

- (i) the prior written consent of the Issuer (or the Series Cash Manager acting on its behalf) and the Remarketing Agent; and
- (ii) a confirmation from each Rating Agency that the then current ratings of the Remarketable Notes will not be downgraded or withdrawn as a result thereof.

If a replacement conditional note purchaser is not appointed and a guarantee not obtained, the Conditional Note Purchaser will not be released from any of its obligations under the Conditional Note Purchase Agreement (including its obligation to purchase outstanding Remarketable Notes on a Transfer Date subject

to the satisfaction of certain conditions) but it will not be required to take any other steps as a consequence of such downgrade.

The Issuer will pay a fee to the Conditional Note Purchaser in consideration of it entering into the Conditional Note Purchase Agreement and complying with its obligations thereunder.

The Conditional Note Purchase Agreement will be governed by English Law.

## **USE OF PROCEEDS**

The net proceeds from the issue of Notes (after exchanging the net euro proceeds of the Euro Notes for Sterling proceeds calculated by reference to the Euro Note Currency Swap Rate under the Euro Note Series Currency Swap Agreement) are expected to amount to approximately £849,978,571.43 and will be applied by the Issuer to purchase from the Series Portfolio Seller on the Issue Date the Series Completion Mortgage Pool and to fund the Series Reserve Fund, the Series Discount Reserve Fund, the Series CNP Fee Reserve and Series fees and expenses. Any net proceeds not applied in such way will be deposited in the Series Prefunded Loans Ledger on the Issue Date and applied on the first Distribution Date as Actual Redemption Funds in accordance with the Series Pre-Acceleration Principal Priority of Payments. The Issuer does not expect to purchase any Prefunded Loans.



## **SERIES FEES AND EXPENSES**

The Issuer and the Parent shall pay an estimated £6,100,000 in aggregate fees and expenses to the transaction parties. A portion of such aggregated fees and expenses will be comprised of an up front management, underwriting fee and selling commission payable to the Dealers, such underwriting fee and selling commission being approximately £1,300,000. The issuer will also pay (a) a quarterly fee payable to the relevant Series Servicer pursuant to the relevant Series Servicing Agreement, such servicing fee being an amount equal to the product of 0.05% of the average aggregate Balances of the Loans during the relevant Distribution Period divided by four; and (b) a quarterly fee payable to the relevant Series Mortgage Administrator pursuant to the relevant Series Mortgage Administration Agreement, such administration fee being an amount up to 0.10% of the average aggregate Balances of the Loans during the relevant Distribution Period divided by four. Such fees and expenses are, where applicable, inclusive of value added tax, which is currently assessed at 17.5% and will be subject to adjustment if the applicable rate of value added tax changes. The servicing and administration fees are to be paid from Available Revenue Funds, in accordance with the applicable priority of payments. Such fees and expenses are subject to change at any time without your notification or approval, including upon the appointment of any Standby Series Mortgage Administrator pursuant to the Series Standby Mortgage Administration Agreement.

## THE REMARKETING AGENT AND THE CONDITIONAL NOTE PURCHASER

### General

The Royal Bank of Scotland Group plc (**RBSG**) is the holding company of one of the world's largest banking and financial services groups, with a market capitalisation of £59.9 billion at 30 June 2007. Headquartered in Edinburgh, RBSG operates in the UK, the US and internationally through its two principal subsidiaries, The Royal Bank of Scotland plc (**RBS**) and National Westminster Bank Plc (**NatWest**). Both RBS and NatWest are major UK clearing banks whose origins go back over 275 years. RBSG has a large and diversified customer base and provides a wide range of products and services to personal, commercial and large corporate and institutional customers.

RBSG's operations are conducted principally through RBS and its subsidiaries (including NatWest) other than the general insurance business (primarily Direct Line Group and Churchill Insurance).

RBSG had total assets of £1,011.3 billion and shareholders' equity of £41.5 billion at 30 June 2007. RBS had total assets of £987.8 billion and shareholders' equity of £39.3 billion at 30 June 2007. RBSG is strongly capitalised with a total capital ratio of 12.5 per cent. and tier 1 capital ratio of 7.4 per cent as at 30 June 2007.

The short-term unsecured and unguaranteed debt obligations of RBS are currently rated A-1+ by S&P, P-1 by Moody's and F1+ by Fitch. The long-term senior unsecured and unguaranteed debt obligations of RBS are currently rated AA by S&P, Aaa by Moody's and AA+ by Fitch.

In its capacity as Remarketing Agent and Conditional Note Purchaser, RBS will be acting through its branch at 135 Bishopgate, London, EC2M 3UR.

The information contained herein with respect to RBS and RBSG relates to and has been obtained from it. Delivery of this Supplement shall not create any implication that there has been no change in the affairs of RBS or RBSG since the date hereof, or that the information contained or referred to herein is correct as of any time subsequent to its date.

### Recent Developments

In October 2007, RFS Holdings B.V. (**RFS Holdings**), a company jointly owned by RBSG, Fortis N.V., Fortis SA/NV and Banco Santander S.A. (the **Consortium Banks**) and controlled by RBSG, acquired ABN AMRO Holding N.V. (**ABN AMRO**) for a total consideration of €70 billion.

RBSG contributed €26 billion of such consideration, being its proportion of the total consideration paid to ABN AMRO shareholders and ABN AMRO American depository shareholders. The consideration for the ABN AMRO business units acquired by RBSG, net of the sale of ABN AMRO North America Holding Company (the holding company for LaSalle Bank Corporation) (**LaSalle**), is €15 billion.

RFS Holdings intends to implement an orderly separation of the business units of ABN AMRO whereby RBSG will acquire the following ABN AMRO business units:

- Continuing businesses of Business Unit North America following the sale of LaSalle to Bank of America Corporation;
- Business Unit Global Clients and wholesale clients in the Netherlands (including former Dutch wholesale clients) and Latin America (excluding Brazil);
- Business Unit Asia (excluding Saudi Hollandi); and
- Business Unit Europe (excluding Antonveneta).

Certain other assets will continue to be shared by the Consortium Banks (the **Shared Assets**).

## THE SERIES CURRENCY SWAP PROVIDER

Barclays Bank PLC is a public limited company registered in England and Wales under number 1026167. The liability of the members of Barclays Bank PLC is limited. It has its registered head office at 1 Churchill Place, London, E14 5HP. Barclays Bank PLC was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Act 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, Barclays Bank was re-registered as a public limited company and its name was changed from “Barclays Bank International Limited” to “Barclays Bank PLC”.

Barclays Bank PLC and its subsidiary undertakings (taken together, the **Group**) is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services. The whole of the issued ordinary share capital of Barclays Bank PLC is beneficially owned by Barclays PLC, which is the ultimate holding company of the Group and one of the largest financial services companies in the world by market capitalisation.

The short term unsecured obligations of Barclays Bank PLC are rated A-1+ by Standard & Poor’s, P-1 by Moody’s, F1+ by Fitch Ratings Limited and R-1 (high) by DBRS and the long-term obligations of Barclays Bank PLC are rated AA by Standard & Poor’s, Aa1 by Moody’s, AA+ by Fitch Ratings Limited and AA (high) by DBRS.

Based on the Group’s unaudited financial information for the period ended 30 June 2007, the Group had total assets of £1,158,539 million (June 2006: £986,375 million), total net loans and advances<sup>1</sup> of £364,434 million (June 2006: £317,427 million), total deposits<sup>2</sup> of £380,079 million (June 2006: £339,421 million), and total shareholders’ equity of £28,789 million (June 2006: £25,790 million) (including minority interests of £1,810 million (June 2006: £1,608 million)). The profit before tax of the Group for the period ended 30 June 2007 was £4,128 million (June 2006: £3,700 million) after impairment charges on loans and advances and other credit provisions of £959 million (June 2006: £1,057 million). The financial information in this paragraph is extracted from the unaudited Results Announcement of the Group for the half year ended 30 June 2007.

## CHARACTERISTICS OF THE SERIES INITIAL MORTGAGE POOL

The Series Initial Mortgage Pool has the aggregate characteristics indicated in Tables 1 to 29 (columns of percentages may not add up to 100% due to rounding). The valuations quoted in this section are as at 21 September 2007 (the **Cut-off Date**). Each of the Loans in the Series Initial Mortgage Pool is governed by the laws of either England, Northern Ireland or Scotland.

The Series Completion Mortgage Pool will be selected from this Series Initial Mortgage Pool.

**The Series Completion Mortgage Pool will not contain any Loans that have an arrears balance equal to or greater than one monthly instalment.**

**Table 1: Distribution of Loans by Current Principal Balance (£)**

Current Principal Balance (£)	Principal Balance (£)	% of Principal Balance	Number of Loans	% of No. of Loans
0 < 50,000.....	13,933,713	1.42%	344	4.41%
50,000 < 100,000 .....	238,040,716	24.19%	3,064	39.24%
100,000 < 150,000 .....	303,482,078	30.85%	2,496	31.96%
150,000 < 200,000 .....	182,209,681	18.52%	1,067	13.66%
200,000 < 250,000 .....	92,154,732	9.37%	419	5.37%
250,000 < 300,000 .....	45,300,455	4.60%	167	2.14%
300,000 < 350,000 .....	31,093,157	3.16%	97	1.24%
350,000 < 400,000 .....	18,533,285	1.88%	50	0.64%
400,000 < 450,000 .....	12,115,446	1.23%	29	0.37%
450,000 < 500,000 .....	8,096,951	0.82%	17	0.22%
500,000 < 550,000 .....	10,245,864	1.04%	20	0.26%
550,000 < 600,000 .....	5,737,051	0.58%	10	0.13%
600,000 < 650,000 .....	4,357,953	0.44%	7	0.09%
650,000 < 750,000 .....	5,552,886	0.56%	8	0.10%
750,000 < 1,000,000.....	9,176,611	0.93%	11	0.14%
> = 1,000,000 .....	3,860,000	0.39%	3	0.04%
<b>Total .....</b>	<b>983,890,578</b>	<b>100.00%</b>	<b>7,809</b>	<b>100.00%</b>

Max = £1,500,000

Min = £21,496

Average = £125,994

**Table 2: Distribution of Loans by Original Principal Balance (£)**

<b>Original Principal Balance (£)</b>	<b>Principal Balance (£)</b>	<b>% of Principal Balance</b>	<b>Number of Loans</b>	<b>% of No. of Loans</b>
0 < 50,000.....	13,589,917	1.38%	336	4.30%
50,000 < 100,000 .....	235,261,047	23.91%	3,039	38.92%
100,000 < 150,000 .....	304,425,578	30.94%	2,514	32.19%
150,000 < 200,000 .....	182,389,724	18.54%	1,071	13.71%
200,000 < 250,000 .....	93,565,165	9.51%	427	5.47%
250,000 < 300,000 .....	45,376,418	4.61%	168	2.15%
300,000 < 350,000 .....	30,925,500	3.14%	97	1.24%
350,000 < 400,000 .....	19,214,467	1.95%	52	0.67%
400,000 < 450,000 .....	12,115,446	1.23%	29	0.37%
450,000 < 500,000 .....	8,096,951	0.82%	17	0.22%
500,000 < 550,000 .....	10,245,864	1.04%	20	0.26%
550,000 < 600,000 .....	5,737,051	0.58%	10	0.13%
600,000 < 650,000 .....	4,357,953	0.44%	7	0.09%
650,000 < 750,000 .....	5,552,886	0.56%	8	0.10%
750,000 < 1,000,000.....	9,176,611	0.93%	11	0.14%
> = 1,000,000 .....	3,860,000	0.39%	3	0.04%
<b>Total .....</b>	<b>983,890,578</b>	<b>100.00%</b>	<b>7,809</b>	<b>100.00%</b>

Max = £1,500,000

Min = £25,001

Average = £126,343

**Table 3: Distribution of Loans by Original LTV**

	<b>Principal Balance (£)</b>	<b>% of Principal Balance</b>	<b>Number of Loans</b>	<b>% of No. of Loans</b>
<b>Original LTV</b>				
0% < 50% .....	54,881,028	5.58%	722	9.25%
50% < 55% .....	32,418,402	3.29%	304	3.89%
55% < 60% .....	37,740,440	3.84%	357	4.57%
60% < 65% .....	46,285,667	4.70%	417	5.34%
65% < 70% .....	71,952,614	7.31%	615	7.88%
70% < 75% .....	89,413,251	9.09%	733	9.39%
75% < 80% .....	111,605,493	11.34%	813	10.41%
80% < 85% .....	122,686,992	12.47%	862	11.04%
85% < 90% .....	132,388,566	13.46%	951	12.18%
90% < 91% .....	67,532,097	6.86%	444	5.69%
91% < 92% .....	53,955,260	5.48%	362	4.64%
92% < 93% .....	31,377,505	3.19%	263	3.37%
93% < 94% .....	10,407,030	1.06%	81	1.04%
94% = < 95% .....	121,246,232	12.32%	885	11.33%
<b>Total</b> .....	<b>983,890,578</b>	<b>100.00%</b>	<b>7,809</b>	<b>100.00%</b>

Max = 95.00%

Min = 10.22%

WA = 78.11%

**Table 4: Distribution of Loans by Seasoning (months)**

	<b>Principal Balance (£)</b>	<b>% of Principal Balance</b>	<b>Number of Loans</b>	<b>% of No. of Loans</b>
<b>Seasoning (months)</b>				
0 < 1 .....	196,888,727	20.01%	1,507	19.30%
1 < 2 .....	232,099,720	23.59%	1,817	23.27%
2 < 3 .....	222,551,440	22.62%	1,743	22.32%
3 < 4 .....	165,496,632	16.82%	1,316	16.85%
4 < 5 .....	128,271,908	13.04%	1,074	13.75%
5 < 6 .....	18,413,075	1.87%	167	2.14%
6 < 8 .....	9,060,985	0.92%	86	1.10%
8 < 10 .....	4,774,854	0.49%	46	0.59%
> = 10 .....	6,333,237	0.64%	53	0.68%
<b>Total</b> .....	<b>983,890,578</b>	<b>100.00%</b>	<b>7,809</b>	<b>100.00%</b>

Max = 25.36 months

Min = 0.00 months

WA = 2.51 months



**Table 5: Distribution of Loans by Term (years)**

	<b>Principal Balance (£)</b>	<b>% of Principal Balance</b>	<b>Number of Loans</b>	<b>% of No. of Loans</b>
<b>Term (years)</b>				
5 < 10 .....	12,857,393	1.31%	105	1.34%
10 < 15 .....	68,369,662	6.95%	534	6.84%
15 < 20 .....	136,681,709	13.89%	1,109	14.20%
20 < 25 .....	236,761,042	24.06%	1,852	23.72%
25 < 30 .....	376,424,494	38.26%	2,915	37.33%
30 = < 40 .....	152,796,278	15.53%	1,294	16.57%
<b>Total .....</b>	<b>983,890,578</b>	<b>100.00%</b>	<b>7,809</b>	<b>100.00%</b>

Max = 40.00 years

Min = 5.00 years

WA = 22.90 years

**Table 6: Distribution of Loans by Product Type**

	<b>Principal Balance (£)</b>	<b>% of Principal Balance</b>	<b>Number of Loans</b>	<b>% of No. of Loans</b>
<b>Product Type</b>				
Near Prime .....	561,555,642	57.08%	4,408	56.45%
Light Adverse .....	195,942,304	19.92%	1,498	19.18%
Medium Adverse.....	48,982,419	4.98%	407	5.21%
Heavy Adverse .....	147,146,105	14.96%	1,127	14.43%
Right To Buy .....	15,417,745	1.57%	217	2.78%
Buy To Let .....	14,846,363	1.51%	152	1.95%
<b>Total .....</b>	<b>983,890,578</b>	<b>100.00%</b>	<b>7,809</b>	<b>100.00%</b>

**Table 7: Distribution of Loans by Income Verification**

	<b>Principal Balance (£)</b>	<b>% of Principal Balance</b>	<b>Number of Loans</b>	<b>% of No. of Loans</b>
<b>Income Verification</b>				
Self Certified.....	537,876,385	54.67%	4,006	51.30%
Full Status.....	446,014,193	45.33%	3,803	48.70%
<b>Total .....</b>	<b>983,890,578</b>	<b>100.00%</b>	<b>7,809</b>	<b>100.00%</b>

**Table 8: Distribution of Loans by Repayment Type**

	<b>Principal Balance (£)</b>	<b>% of Principal Balance</b>	<b>Number of Loans</b>	<b>% of No. of Loans</b>
<b>Repayment Type</b>				
Capital and Interest.....	394,678,853	40.11%	3,914	50.12%
Interest Only .....	562,843,023	57.21%	3,692	47.28%
Part & Part .....	26,368,702	2.68%	203	2.60%
<b>Total .....</b>	<b>983,890,578</b>	<b>100.00%</b>	<b>7,809</b>	<b>100.00%</b>

**Table 9: Distribution of Loans by Current Interest Rate Type**

	<b>Principal Balance (£)</b>	<b>% of Principal Balance</b>	<b>Number of Loans</b>	<b>% of No. of Loans</b>
<b>Current Interest Rate Type</b>				
1 year Fixed .....	157,120	0.02%	2	0.03%
2 year Fixed .....	773,923,280	78.66%	5,967	76.41%
3 year Fixed .....	188,247,554	19.13%	1,647	21.09%
Discount .....	20,166,952	2.05%	181	2.32%
Stepped Discount .....	570,443	0.06%	7	0.09%
Variable .....	825,229	0.08%	5	0.06%
Other .....	–	0.00%	–	0.00%
<b>Total .....</b>	<b>983,890,578</b>	<b>100.00%</b>	<b>7,809</b>	<b>100.00%</b>

**Table 10: Distribution of Loans by Current Interest Rate**

	<b>Principal Balance (£)</b>	<b>% of Principal Balance</b>	<b>Number of Loans</b>	<b>% of No. of Loans</b>
<b>Current Interest Rate</b>				
4.5% < 5.0% .....	150,653	0.02%	1	0.01%
5.0% < 5.5% .....	40,503,461	4.12%	416	5.33%
5.5% < 6.0% .....	224,483,966	22.82%	1,884	24.13%
6.0% < 6.5% .....	239,905,131	24.38%	1,951	24.98%
6.5% < 7.0% .....	269,857,393	27.43%	2,046	26.20%
7.0% < 7.5% .....	144,767,677	14.71%	1,041	13.33%
7.5% < 8.0% .....	45,193,722	4.59%	329	4.21%
8.0% < 8.5% .....	13,858,998	1.41%	106	1.36%
8.5% < 9.0% .....	3,435,144	0.35%	21	0.27%
> = 9.00% .....	1,734,433	0.18%	14	0.18%
<b>Total .....</b>	<b>983,890,578</b>	<b>100.00%</b>	<b>7,809</b>	<b>100.00%</b>

Max = 10.95%

Min = 4.85%

WA = 6.49%

**Table 11: Distribution of Loans by Stabilised Margin Relative to BBR**

	Principal Balance (£)	% of Principal Balance	Number of Loans	% of No. of Loans
<b>Stabilised Margin Relative to BBR</b>				
1.45% < 2.00% .....	75,715,229	7.70%	764	9.78%
2.00% < 2.25% .....	162,818,136	16.55%	1,470	18.82%
2.25% < 2.50% .....	86,506,058	8.79%	692	8.86%
2.50% < 2.75% .....	76,423,577	7.77%	601	7.70%
2.75% < 3.00% .....	66,462,175	6.76%	541	6.93%
3.00% < 3.25% .....	84,278,751	8.57%	672	8.61%
3.25% < 3.50% .....	134,693,417	13.69%	965	12.36%
3.50% < 3.75% .....	77,363,059	7.86%	525	6.72%
3.75% < 4.00% .....	165,379,498	16.81%	1,191	15.25%
4.00% < 4.25% .....	20,915,177	2.13%	147	1.88%
4.25% < 4.50% .....	26,902,657	2.73%	200	2.56%
4.50% < 4.75% .....	5,598,789	0.57%	35	0.45%
> = 4.75% .....	834,055	0.08%	6	0.08%
<b>Total .....</b>	<b>983,890,578</b>	<b>100.00%</b>	<b>7,809</b>	<b>100.00%</b>
Max = 5.40%				
Min = 1.80%				
WA = 2.98%				

**Table 12: Distribution of Loans by Region**

	Principal Balance (£)	% of Principal Balance	Number of Loans	% of No. of Loans
<b>Region</b>				
East Anglia .....	32,706,350	3.32%	235	3.01%
East Midlands .....	59,007,039	6.00%	526	6.74%
Greater London.....	56,799,105	5.77%	250	3.20%
North .....	64,778,218	6.58%	680	8.71%
North West .....	143,139,513	14.55%	1,307	16.74%
Northern Ireland .....	50,922,777	5.18%	438	5.61%
Scotland .....	68,081,152	6.92%	692	8.86%
South East.....	234,940,049	23.88%	1,299	16.63%
South West .....	57,579,669	5.85%	383	4.90%
Wales.....	43,087,980	4.38%	406	5.20%
West Midlands .....	80,161,000	8.15%	717	9.18%
Yorkshire & Humberside .....	92,687,727	9.42%	876	11.22%
<b>Total .....</b>	<b>983,890,578</b>	<b>100.00%</b>	<b>7,809</b>	<b>100.00%</b>

**Table 13: Distribution of Loans by Region**

<b>Region</b>	<b>Principal Balance (£)</b>	<b>% of Principal Balance</b>	<b>Number of Loans</b>	<b>% of No. of Loans</b>
England .....	821,798,669	83.53%	6,273	80.33%
Northern Ireland .....	50,922,777	5.18%	438	5.61%
Scotland .....	68,081,152	6.92%	692	8.86%
Wales.....	43,087,980	4.38%	406	5.20%
<b>Total .....</b>	<b>983,890,578</b>	<b>100.00%</b>	<b>7,809</b>	<b>100.00%</b>

**Table 14: Distribution of Loans by Arrears (months)**

<b>Arrears (months)</b>	<b>Principal Balance (£)</b>	<b>% of Principal Balance</b>	<b>Number of Loans</b>	<b>% of No. of Loans</b>
Current .....	888,827,709	90.34%	7,135	91.37%
1 .....	67,004,086	6.81%	470	6.02%
2 .....	25,597,239	2.60%	183	2.34%
3 .....	2,461,543	0.25%	21	0.27%
<b>Total .....</b>	<b>983,890,578</b>	<b>100.00%</b>	<b>7,809</b>	<b>100.00%</b>

**Table 15: Distribution of Loans by Number of CCJs**

<b>Number of CCJs</b>	<b>Principal Balance (£)</b>	<b>% of Principal Balance</b>	<b>Number of Loans</b>	<b>% of No. of Loans</b>
0 .....	839,150,880	85.29%	6,637	84.99%
1 .....	100,695,116	10.23%	827	10.59%
2 .....	28,406,752	2.89%	230	2.95%
3 .....	10,103,281	1.03%	71	0.91%
4 .....	3,636,144	0.37%	29	0.37%
5 .....	903,813	0.09%	6	0.08%
6 .....	236,700	0.02%	3	0.04%
7 .....	380,109	0.04%	3	0.04%
8 .....	98,339	0.01%	1	0.01%
9 .....	279,445	0.03%	2	0.03%
<b>Total .....</b>	<b>983,890,578</b>	<b>100.00%</b>	<b>7,809</b>	<b>100.00%</b>

Max = 9

**Table 16: Distribution of Loans by Loan Purpose**

	<b>Principal Balance (£)</b>	<b>% of Principal Balance</b>	<b>Number of Loans</b>	<b>% of No. of Loans</b>
<b>Loan Purpose</b>				
House Purchase .....	448,363,676	45.57%	3,400	43.54%
Remortgage.....	535,526,902	54.43%	4,409	56.46%
<b>Total .....</b>	<b>983,890,578</b>	<b>100.00%</b>	<b>7,809</b>	<b>100.00%</b>

**Table 17: Distribution of Loans by Property Type**

	<b>Principal Balance (£)</b>	<b>% of Principal Balance</b>	<b>Number of Loans</b>	<b>% of No. of Loans</b>
<b>Property Type</b>				
Bungalow .....	46,861,040	4.76%	329	4.21%
Detached .....	205,002,630	20.84%	1,069	13.69%
Flat .....	77,607,324	7.89%	618	7.91%
Semi-Detached .....	294,321,903	29.91%	2,456	31.45%
Terraced .....	360,097,681	36.60%	3,337	42.73%
<b>Total .....</b>	<b>983,890,578</b>	<b>100.00%</b>	<b>7,809</b>	<b>100.00%</b>

**Table 18: Distribution of Loans by Tenure**

	<b>Principal Balance (£)</b>	<b>% of Principal Balance</b>	<b>Number of Loans</b>	<b>% of No. of Loans</b>
<b>Tenure</b>				
Freehold .....	784,206,071	79.70%	6,067	77.69%
Leasehold .....	131,603,355	13.38%	1,050	13.45%
Freehold (Scotland) .....	68,081,152	6.92%	692	8.86%
<b>Total .....</b>	<b>983,890,578</b>	<b>100.00%</b>	<b>7,809</b>	<b>100.00%</b>

**Table 19: Distribution of Loans by Months to Maturity**

	<b>Principal Balance (£)</b>	<b>% of Principal Balance</b>	<b>Number of Loans</b>	<b>% of No. of Loans</b>
<b>Months to Maturity</b>				
0 < 60 .....	1,527,053	0.16%	7	0.09%
60 < 90 .....	3,605,502	0.37%	30	0.38%
90 < 120 .....	30,116,346	3.06%	249	3.19%
120 < 150 .....	20,011,847	2.03%	149	1.91%
150 < 180 .....	80,713,282	8.20%	647	8.29%
180 < 210 .....	35,821,369	3.64%	293	3.75%
210 < 240 .....	168,605,474	17.14%	1,300	16.65%
240 < 270 .....	63,220,300	6.43%	492	6.30%
270 < 300 .....	403,859,747	41.05%	3,156	40.41%
300 < 330 .....	13,119,074	1.33%	100	1.28%
330 < 360 .....	114,660,403	11.65%	972	12.45%
360 < 390 .....	3,094,987	0.31%	25	0.32%
390 < 420 .....	30,253,616	3.07%	252	3.23%
420 < 450 .....	1,321,988	0.13%	10	0.13%
450 < = 480 .....	13,959,591	1.42%	127	1.63%
<b>Total</b> .....	<b>983,890,578</b>	<b>100.00%</b>	<b>7,809</b>	<b>100.00%</b>

Max = 480 months

Min = 57 months

WA = 272 months

**Table 20: Distribution of Loans by Borrowers' Employment Type**

	<b>Principal Balance (£)</b>	<b>% of Principal Balance</b>	<b>Number of Loans</b>	<b>% of No. of Loans</b>
<b>Borrowers' Employment Type</b>				
Self Employed .....	366,609,293	37.26%	2,379	30.46%
Employed .....	616,002,528	62.61%	5,409	69.27%
Other .....	1,278,756	0.13%	21	0.27%
<b>Total</b> .....	<b>983,890,578</b>	<b>100.00%</b>	<b>7,809</b>	<b>100.00%</b>

**Table 21: Distribution of Loans by Unreleased Amounts (£)**

<b>Unreleased Amounts (£)</b>	<b>Principal Balance (£)</b>	<b>% of Principal Balance</b>	<b>Number of Loans</b>	<b>% of No. of Loans</b>
0 .....	964,571,455	98.04%	7,678	98.32%
0 < 1,000.....	3,401,850	0.35%	27	0.35%
1,000 < 10,000 .....	13,127,317	1.33%	87	1.11%
10,000 < 50,000 .....	543,812	0.06%	6	0.08%
50,000 < 100,000 .....	2,152,146	0.22%	10	0.13%
100,000 < 150,000 .....	–	0.00%	–	0.00%
> = 150,000.....	93,998	0.01%	1	0.01%
<b>Total .....</b>	<b>983,890,578</b>	<b>100.00%</b>	<b>7,809</b>	<b>100.00%</b>

Max = 186,666

Min = 0

Total Unreleased Amounts = 1,227,412

**Table 22: Distribution of Loans by Occupancy Type**

<b>Occupancy Type</b>	<b>Principal Balance (£)</b>	<b>% of Principal Balance</b>	<b>Number of Loans</b>	<b>% of No. of Loans</b>
Owner Occupied.....	969,044,215	98.49%	7,657	98.05%
Non Owner Occupied.....	14,846,363	1.51%	152	1.95%
<b>Total .....</b>	<b>983,890,578</b>	<b>100.00%</b>	<b>7,809</b>	<b>100.00%</b>

**Table 23: Distribution of Loans by Income Multiple**

<b>Income Multiple</b>	<b>Principal Balance (£)</b>	<b>% of Principal Balance</b>	<b>Number of Loans</b>	<b>% of No. of Loans</b>
0.00 < 1.00 .....	2,492,506	0.25%	30	0.38%
1.00 < 2.00 .....	55,147,282	5.61%	618	7.91%
2.00 < 3.00 .....	331,469,100	33.69%	2797	35.82%
3.00 < 4.00 .....	426,880,783	43.39%	3165	40.53%
4.00 < 5.00 .....	140,144,946	14.24%	957	12.26%
5.00 < = 5.20 .....	12,909,598	1.31%	90	1.15%
Buy to Let.....	14,846,363	1.51%	152	1.95%
<b>Total .....</b>	<b>983,890,578</b>	<b>100.00%</b>	<b>7,809</b>	<b>100.00%</b>

Max = 5.20

Min = 0.15

WA = 3.21



**Table 24: Distribution of Loans by Income Verification and Original LTV**

	<b>Principal Balance (£)</b>	<b>% of Principal Balance</b>	<b>Self Certified Principal Balance (£)</b>	<b>Self Certified % of Principal Balance</b>	<b>Full Status Principal Balance (£)</b>	<b>Full Status % of Principal Balance</b>
<b>Original LTV</b>						
0% < 50% .....	54,881,028	5.58%	33,135,976	3.37%	21,745,052	2.21%
50% < 55% .....	32,418,402	3.29%	21,982,023	2.23%	10,436,379	1.06%
55% < 60% .....	37,740,440	3.84%	21,060,704	2.14%	16,679,736	1.70%
60% < 65% .....	46,285,667	4.70%	28,524,351	2.90%	17,761,317	1.81%
65% < 70% .....	71,952,614	7.31%	43,844,986	4.46%	28,107,627	2.86%
70% < 75% .....	89,413,251	9.09%	54,372,940	5.53%	35,040,311	3.56%
75% < 80% .....	111,605,493	11.34%	67,689,570	6.88%	43,915,923	4.46%
80% < 85% .....	122,686,992	12.47%	78,999,782	8.03%	43,687,210	4.44%
85% < 90% .....	132,388,566	13.46%	87,042,512	8.85%	45,346,054	4.61%
90% = < 95% .....	284,518,125	28.92%	101,223,541	10.29%	183,294,584	18.63%
<b>Total .....</b>	<b>983,890,578</b>	<b>100.00%</b>	<b>537,876,385</b>	<b>54.67%</b>	<b>446,014,193</b>	<b>45.33%</b>

**Table 25: Distribution of Loans by Income Verification and Employment Type**

	<b>Principal Balance (£)</b>	<b>% of Principal Balance</b>	<b>Self Certified Principal Balance (£)</b>	<b>Self Certified % of Principal Balance</b>	<b>Full Status Principal Balance (£)</b>	<b>Full Status % of Principal Balance</b>
<b>Employment Type</b>						
Self Employed.....	366,609,293	37.26%	314,400,261	31.95%	52,209,032	5.31%
Employed .....	616,002,528	62.61%	222,651,498	22.63%	393,351,031	39.98%
Other .....	1,278,756	0.13%	824,627	0.08%	454,130	0.05%
<b>Total .....</b>	<b>983,890,578</b>	<b>100.00%</b>	<b>537,876,385</b>	<b>54.67%</b>	<b>446,014,193</b>	<b>45.33%</b>

**Table 26: Distribution of Loans with Original LTV > = 80% by Income Verification and Employment Type**

	<b>Principal Balance (£)</b>	<b>% of Principal Balance</b>	<b>Self Certified Principal Balance (£)</b>	<b>Self Certified % of Principal Balance</b>	<b>Full Status Principal Balance (£)</b>	<b>Full Status % of Principal Balance</b>
<b>Original LTV and Employment Type</b>						
> = 80% LTV						
Self Employed..	189,504,965	35.12%	156,992,647	29.09%	32,512,318	6.03%
> = 80% LTV						
Employed .....	349,931,903	64.85%	110,273,188	20.44%	239,658,715	44.41%
> = 80% LTV						
Other .....	156,815	0.03%	-	0.00%	156,815	0.03%
<b>Total .....</b>	<b>539,593,684</b>	<b>100.00%</b>	<b>267,265,835</b>	<b>49.53%</b>	<b>272,327,848</b>	<b>50.47%</b>

**Table 27: Distribution of Loans by Tenure Type and Original LTV**

	Principal Balance (£)	% of Principal Balance	Freehold Principal Balance (£)	Freehold % of Principal Balance	Leasehold Principal Balance (£)	Leasehold % of Principal Balance	Freehold (Scotland) Principal Balance (£)	Freehold (Scotland) % of Principal Balance
<b>Original LTV</b>								
0% < 50% .....	54,881,028	5.58%	43,701,569	4.44%	7,974,579	0.81%	3,204,880	0.33%
50% < 55% .....	32,418,402	3.29%	26,023,867	2.64%	4,736,088	0.48%	1,658,447	0.17%
55% < 60% .....	37,740,440	3.84%	30,051,412	3.05%	5,306,110	0.54%	2,382,918	0.24%
60% < 65% .....	46,285,667	4.70%	37,658,288	3.83%	5,708,242	0.58%	2,919,137	0.30%
65% < 70% .....	71,952,614	7.31%	56,728,225	5.77%	9,898,470	1.01%	5,325,918	0.54%
70% < 75% .....	89,413,251	9.09%	76,211,171	7.75%	7,815,178	0.79%	5,386,901	0.55%
75% < 80% .....	111,605,493	11.34%	89,933,933	9.14%	14,250,980	1.45%	7,420,579	0.75%
80% < 85% .....	122,686,992	12.47%	99,590,734	10.12%	12,714,576	1.29%	10,381,682	1.06%
85% < 90% .....	132,388,566	13.46%	103,298,638	10.50%	15,913,258	1.62%	13,176,671	1.34%
90% = < 95% .....	284,518,125	28.92%	221,008,233	22.46%	47,285,873	4.81%	16,224,019	1.65%
<b>Total .....</b>	<b>983,890,578</b>	<b>100.00%</b>	<b>784,206,071</b>	<b>79.70%</b>	<b>131,603,355</b>	<b>13.38%</b>	<b>68,081,152</b>	<b>6.92%</b>

**Table 28: Distribution of Loans by Number of CCJs and Stabilised Margin Over BBR**

	Principal Balance (£)	% of Principal Balance	CCJ = 0 Principal Balance (£)	CCJ = 0 % of Principal Balance	CCJ = 1 Principal Balance (£)	CCJ = 1 % of Principal Balance	CCJ > 1 Principal Balance (£)	CCJ > 1 % of Principal Balance
<b>Stabilised Margin Over BBR</b>								
0.00% < 2.00% .....	75,715,229	7.70%	72,707,194	7.39%	2,858,737	0.29%	149,297	0.02%
2.00% < 2.50% .....	249,324,194	25.34%	229,779,955	23.35%	16,110,470	1.64%	3,433,768	0.35%
2.50% < 3.00% .....	142,885,752	14.52%	123,775,589	12.58%	14,118,868	1.44%	4,991,295	0.51%
3.00% < 3.50% .....	218,972,168	22.26%	185,303,615	18.83%	21,727,072	2.21%	11,941,481	1.21%
3.50% < 4.00% .....	242,742,558	24.67%	193,007,106	19.62%	34,279,324	3.48%	15,456,127	1.57%
4.00% < 4.50% .....	47,817,834	4.86%	30,690,996	3.12%	10,439,815	1.06%	6,687,023	0.68%
4.50% < 5.00% .....	5,971,404	0.61%	3,626,915	0.37%	958,898	0.10%	1,385,591	0.14%
> = 5.00% .....	461,440	0.05%	259,509	0.03%	201,931	0.02%	0	0.00%
<b>Total .....</b>	<b>983,890,578</b>	<b>100.00%</b>	<b>839,150,880</b>	<b>85.29%</b>	<b>100,695,116</b>	<b>10.23%</b>	<b>44,044,582</b>	<b>4.48%</b>

**Table 29: Distribution of Loans by Number of CCJs and Original LTV**

	Principal Balance (£)	% of Principal Balance	CCJ = 0 Principal Balance (£)	CCJ = 0 % of Principal Balance	CCJ = 1 Principal Balance (£)	CCJ = 1 % of Principal Balance	CCJ > 1 Principal Balance (£)	CCJ > 1 % of Principal Balance
<b>Original LTV</b>								
0% < 50% .....	54,881,028	5.58%	46,794,838	4.76%	5,584,389	0.57%	2,501,800	0.25%
50% < 55% .....	32,418,402	3.29%	29,135,088	2.96%	2,412,553	0.25%	870,761	0.09%
55% < 60% .....	37,740,440	3.84%	32,899,284	3.34%	3,967,561	0.40%	873,594	0.09%
60% < 65% .....	46,285,667	4.70%	38,405,361	3.90%	4,031,958	0.41%	3,848,348	0.39%
65% < 70% .....	71,952,614	7.31%	61,347,937	6.24%	8,649,266	0.88%	1,955,411	0.20%
70% < 75% .....	89,413,251	9.09%	74,802,137	7.60%	9,828,077	1.00%	4,783,037	0.49%
75% < 80% .....	111,605,493	11.34%	92,966,089	9.45%	10,475,152	1.06%	8,164,252	0.83%
80% < 85% .....	122,686,992	12.47%	100,089,022	10.17%	15,136,229	1.54%	7,461,741	0.76%
85% < 90% .....	132,388,566	13.46%	114,390,563	11.63%	12,504,061	1.27%	5,493,942	0.56%
90% = < 95% .....	284,518,125	28.92%	248,320,560	25.24%	28,105,869	2.86%	8,091,696	0.82%
<b>Total .....</b>	<b>983,890,578</b>	<b>100.00%</b>	<b>839,150,880</b>	<b>85.29%</b>	<b>100,695,116</b>	<b>10.23%</b>	<b>44,044,582</b>	<b>4.48%</b>

## **WEIGHTED AVERAGE LIVES, PRINCIPAL PAYMENT DATES AND EXPECTED MATURITY DATES OF THE NOTES AND BREAKEVEN CDR-CUMULATIVE LOSS**

Weighted average life refers to the average amount of time that will elapse from the date of issue of a security to the date of distribution to the investor of amounts distributed in net reduction of principal of such security (assuming no losses). The weighted average lives, the principal payment dates and expected maturity dates of the Notes and the breakeven loss scenarios will be influenced by, *inter alia*, the actual rate of prepayment of the Loans in the Series Portfolio.

The model used in this Supplement for the Mortgages represents an assumed constant per annum rate of prepayment (**CPR**) each month relative to the then outstanding principal balance of a pool of mortgages modelled based on representative lines. CPR does not purport to be either an historical description of the prepayment experience of any pool of mortgage loans or a prediction of the expected rate of prepayment of any mortgage loans, including the Mortgages to be included in the Initial Series Portfolio.

The following tables were prepared based on the characteristics of the Loans included in the Series Portfolio and the following additional assumptions (the **Modelling Assumptions**):

- (a) there are no arrears (other than those specified herein) or enforcements;
- (b) no Loan is sold by the Issuer;
- (c) no Series Principal Deficiency arises;
- (d) no Loan is repurchased by the Series Portfolio Seller;
- (e) no Further Advances are made in respect of any Loan in the Series Portfolio;
- (f) no Substitute Loans are purchased;
- (g) the portfolio mix of loan characteristics remains the same throughout the life of the Notes;
- (h) Note LIBOR is equal to 6.25% for the first 6 months and 6.00% thereafter;
- (i) the Bank Base Rate is equal to 5.75%;
- (j) following the expiry of the fixed rate/discount period (if applicable), the interest rate on each Loan is equal to the Bank Base Rate plus a margin;
- (k) the Notes are redeemed when the aggregate Principal Amount Outstanding of the Notes is reduced to 10% or less of the aggregate Principal Amount Outstanding of the Notes on the Issue Date;
- (l) the amortisation of any Repayment Loan is calculated as an annuity loan;
- (m) all Loans which are not Interest Only Loans are assumed to be Repayment Loans;
- (n) there are 90 days between the Issue Date and the first Distribution Date;
- (o) spreads on the Notes are as of the Issue Date; and
- (p) the weighted average lives, the principal payment windows and the breakeven losses are calculated on a 30/360 basis.

The actual characteristics and performance of the Loans are likely to differ from the assumptions used in constructing the tables set forth below. The following tables are hypothetical in nature and are provided only to give a general sense of how the principal cash flows might behave under varying prepayment scenarios.



For example, it is not expected that the Loans will prepay at a constant rate until maturity, that all of the Loans will prepay at the same rate or that there will be no defaults or delinquencies on the Loans. Moreover, the diverse remaining terms to maturity of the Loans could produce slower or faster principal distributions than indicated in the tables at the various percentages of CPR specified, even if the weighted average remaining term to maturity of the Loans is assumed. Any difference between such assumptions and the actual characteristics and performance of the Loans will affect the percentage of the initial amount outstanding of the Notes which are outstanding over time and cause the weighted average lives, the expected maturities or principal payment windows of the Notes to differ (which difference could be material) from the corresponding information in the tables for each indicated percentage of CPR.

The weighted average lives shown below were determined by (i) multiplying the net reduction, if any, of the Principal Amount Outstanding of each class of Notes by the number of years from the date of issuance of the Notes to the related Distribution Date, (ii) adding the results and (iii) dividing the sum by the aggregate of the net reductions of the Principal Amount Outstanding described in (i) above.

The first principal payment date has been calculated on the first expected Distribution Date on which the Class of Notes is expected to receive principal. The expected maturity date of the Notes has been calculated on the expected Distribution Date on which the Class of Note is finally repaid under the relevant CPR scenarios.

Subject to the foregoing discussion and assumptions, the following tables indicate the weighted average lives of the Class A1 Notes, the Class A2b Notes, the Class A3 Notes, the Class Ba Notes, the Class Bb Notes, the Class Cb Notes, the Class D Notes and the Class E Notes.

**Table 1: Weighted Average Life in Years**

	<b>0%</b>	<b>5%</b>	<b>10%</b>	<b>15%</b>	<b>20%</b>	<b>25%</b>	<b>30%</b>	<b>35%</b>	<b>40%</b>	<b>15-35%</b>	<b>10-20-40%</b>
	<b>CPR</b>	<b>CPR</b>	<b>CPR</b>	<b>CPR</b>	<b>CPR</b>	<b>CPR</b>	<b>CPR</b>	<b>CPR</b>	<b>CPR</b>	<b>CPR</b>	<b>CPR</b>
<b>Class A1 Remarketable.....</b>	0.98	0.93	0.87	0.82	0.76	0.70	0.64	0.58	0.52	0.82	0.87
<b>Class A1 .....</b>	11.15	3.43	1.88	1.29	0.99	0.80	0.68	0.58	0.52	1.05	1.40
<b>Class A2b .....</b>	23.13	16.12	10.62	7.48	5.50	4.42	3.61	3.04	2.48	3.55	3.89
<b>Class A3 .....</b>	23.08	16.05	10.55	7.43	5.72	4.48	3.72	3.06	2.75	3.81	4.04
<b>Class Ba .....</b>	23.08	16.05	10.55	7.43	5.72	4.48	3.72	3.06	2.75	3.81	4.04
<b>Class Bb .....</b>	23.08	16.05	10.55	7.43	5.72	4.48	3.72	3.06	2.75	3.81	4.04
<b>Class Cb .....</b>	23.08	16.05	10.55	7.43	5.72	4.48	3.72	3.06	2.75	3.81	4.04
<b>Class D .....</b>	23.08	16.05	10.55	7.43	5.72	4.48	3.72	3.06	2.75	3.81	4.04
<b>Class E .....</b>	23.08	16.05	10.55	7.43	5.72	4.48	3.72	3.06	2.75	3.81	4.04

15-35% CPR indicates CPR of 15% in year 1 and 35% thereafter.

10-20-40% CPR indicates CPR of 10% in year 1, 20% in year 2 and 40% thereafter.

**Table 2: Principal Payment Windows (First Principal Payment Date ~ Expected Maturity Date)**

**Expected First Principal Payment Date MMMYY – Expected Final Principal Payment Date MMMYY**

	0% CPR	5% CPR	10% CPR	15% CPR	20% CPR	25% CPR	30% CPR	35% CPR	40% CPR	15-35% CPR	40% CPR	10-20-40% CPR
Class A1 Remarketable.....	Mar 08 - Dec 08	Mar 08 - Dec 08	Mar 08 - Dec 08	Mar 08 - Dec 08	Mar 08 - Dec 08	Mar 08 - Dec 08	Mar 08 - Dec 08	Mar 08 - Dec 08	Mar 08 - Dec 08	Mar 08 - Dec 08	Mar 08 - Dec 08	Mar 08 - Dec 08
Class A1 .....	Mar 08 - Jun 26	Mar 08 - Mar 15	Mar 08 - Dec 11	Mar 08 - Sep 10	Mar 08 - Dec 09	Mar 08 - Jun 09	Mar 08 - Mar 09	Mar 08 - Dec 08	Mar 08 - Dec 08	Mar 08 - Sep 09	Mar 08 - Sep 09	Mar 08 - Mar 10
Class A2b .....	Jun 26 - Jun 34	Mar 15 - Jun 32	Dec 11 - Mar 26	Sep 10 - Mar 21	Dec 09 - Dec 17	Jun 09 - Dec 15	Mar 09 - Sep 14	Dec 08 - Jun 13	Dec 08 - Sep 12	Sep 09 - Mar 14	Sep 09 - Mar 14	Mar 10 - Mar 14
Class A3 .....	Mar 26 - Jun 34	Mar 15 - Jun 32	Dec 11 - Mar 26	Sep 10 - Mar 21	Mar 10 - Dec 17	Sep 09 - Dec 15	Jun 09 - Sep 14	Mar 09 - Jun 13	Mar 09 - Sep 12	Dec 09 - Mar 14	Dec 09 - Mar 14	Jun 10 - Mar 14
Class Ba .....	Mar 26 - Jun 34	Mar 15 - Jun 32	Dec 11 - Mar 26	Sep 10 - Mar 21	Mar 10 - Dec 17	Sep 09 - Dec 15	Jun 09 - Sep 14	Mar 09 - Jun 13	Mar 09 - Sep 12	Dec 09 - Mar 14	Dec 09 - Mar 14	Jun 10 - Mar 14
Class Bb .....	Mar 26 - Jun 34	Mar 15 - Jun 32	Dec 11 - Mar 26	Sep 10 - Mar 21	Mar 10 - Dec 17	Sep 09 - Dec 15	Jun 09 - Sep 14	Mar 09 - Jun 13	Mar 09 - Sep 12	Dec 09 - Mar 14	Dec 09 - Mar 14	Jun 10 - Mar 14
Class Cb .....	Mar 26 - Jun 34	Mar 15 - Jun 32	Dec 11 - Mar 26	Sep 10 - Mar 21	Mar 10 - Dec 17	Sep 09 - Dec 15	Jun 09 - Sep 14	Mar 09 - Jun 13	Mar 09 - Sep 12	Dec 09 - Mar 14	Dec 09 - Mar 14	Jun 10 - Mar 14
Class D .....	Mar 26 - Jun 34	Mar 15 - Jun 32	Dec 11 - Mar 26	Sep 10 - Mar 21	Mar 10 - Dec 17	Sep 09 - Dec 15	Jun 09 - Sep 14	Mar 09 - Jun 13	Mar 09 - Sep 12	Dec 09 - Mar 14	Dec 09 - Mar 14	Jun 10 - Mar 14
Class E .....	Mar 26 - Jun 34	Mar 15 - Jun 32	Dec 11 - Mar 26	Sep 10 - Mar 21	Mar 10 - Dec 17	Sep 09 - Dec 15	Jun 09 - Sep 14	Mar 09 - Jun 13	Mar 09 - Sep 12	Dec 09 - Mar 14	Dec 09 - Mar 14	Jun 10 - Mar 14

15-35% CPR indicates CPR of 15% in year 1 and 35% thereafter.

10-20-40% CPR indicates CPR of 10% in year 1, 20% in year 2 and 40% thereafter.

**Table 3: Breakeven CDR – Cumulative Loss – Cumulative Default**

The conditional default rate (**CDR**) is the annualised value of the principal balance of newly defaulted loans over the course of a month as a percentage of the total principal balance of the pool at the beginning of the month. The table below displays the maximum CDR (under varying loss severity assumptions), and the associated cumulative loss and cumulative default that can be sustained without the referenced Class incurring a principal writedown.

“Cumulative loss” in the following table is the cumulative loss on the underlying mortgages as a percentage of the Initial Principal Amount Outstanding of the mortgages. “Cumulative default” in the following table is the cumulative default on the underlying mortgages as a percentage of the Initial Principal Amount Outstanding of the mortgages.

The following table was prepared based on the characteristics of the Loans included in the Series Initial Mortgage Pool, the Modelling Assumptions (excluding (c)) and the following additional assumptions:

- (a) CPR of 10% in year 1, 20% in year 2 and 40% CPR thereafter; and
- (b) 18 month lag from default to recoveries.

The actual characteristics and performance of the Loans are likely to differ from the assumptions used in constructing the table below. The table is hypothetical in nature and therefore only provides an estimation of the level of defaults that can be sustained by a Class under varying scenarios.

<b>Class</b>	<b>Breakeven Levels</b>	<b>10% Loss Severity</b>	<b>20% Loss Severity</b>	<b>30% Loss Severity</b>	<b>40% Loss Severity</b>	<b>50% Loss Severity</b>
Class A1	CDR (%) .....	N/A	N/A	N/A	N/A	N/A
	Cumulative Default (%).....	N/A	N/A	N/A	N/A	N/A
	Cumulative Loss (%).....	N/A	N/A	N/A	N/A	N/A
Class A2b	CDR (%) .....	N/A	N/A	N/A	50.43	34.17
	Cumulative Default (%).....	N/A	N/A	N/A	77.94	64.12
	Cumulative Loss (%).....	N/A	N/A	N/A	31.17	32.06
Class A3	CDR (%) .....	N/A	40.56	23.92	16.49	12.73
	Cumulative Default (%).....	N/A	70.33	51.46	39.50	32.29
	Cumulative Loss (%).....	N/A	14.07	15.44	15.80	16.15
Class Ba	CDR (%) .....	39.44	17.86	11.60	8.51	6.76
	Cumulative Default (%).....	69.31	41.90	29.93	23.07	18.86
	Cumulative Loss (%).....	6.93	8.38	8.98	9.23	9.43
Class Bb	CDR (%) .....	39.44	17.86	11.60	8.51	6.76
	Cumulative Default (%).....	69.31	41.90	29.93	23.07	18.86
	Cumulative Loss (%).....	6.93	8.38	8.98	9.23	9.43
Class Cb	CDR (%) .....	18.44	9.95	6.85	5.23	4.24
	Cumulative Default (%).....	42.89	26.36	19.09	14.97	12.35
	Cumulative Loss (%).....	4.29	5.27	5.73	5.99	6.17
Class D	CDR (%) .....	12.84	7.43	5.27	4.10	3.35
	Cumulative Default (%).....	32.50	20.51	15.08	11.97	9.91
	Cumulative Loss (%).....	3.25	4.10	4.52	4.79	4.95
Class E	CDR (%) .....	8.92	5.65	4.15	3.26	2.70
	Cumulative Default (%).....	21.41	14.34	10.72	8.66	7.22
	Cumulative Loss (%).....	2.14	2.87	3.21	3.46	3.61

N/A indicates a scenario in which it is not possible for the referenced Class to incur a principal writedown.

## GENERAL INFORMATION

It is expected that each Class of Notes which is to be admitted to the Official List of the Irish Stock Exchange will be admitted separately as and when issued, subject only to the issue of a Global Note initially representing the Notes of such Class. The listing of the Programme in respect of the Notes was granted on or about 29 March 2006.

The issue of the Notes was authorised by a resolution of the Board of Directors of the Issuer dated on or about 18 December 2007.

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had during the previous 12 months a significant effect on the financial position or profitability of the Issuer.

Save as disclosed in this Supplement, there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2006.

The non-consolidated annual financial statements of the Issuer for the year ended 31 December 2006, incorporated by reference, have been audited by Deloitte & Touche LLP, chartered accountants and registered auditors. Deloitte & Touche LLP is a member of the Institute of Chartered Accountants in England & Wales.

From the date hereof and for so long as the Notes are outstanding, copies of the following documents will, when published, be available (in hardcopy form) from the registered office of the Issuer and from the specified offices of the Series Paying Agents for the time being in London:

- (a) this Supplement;
- (b) the audited financial accounts of the Issuer for the year ended 31 December 2006;
- (c) the Series 2007-3 Trust Deed;
- (d) the Series 2007-3 Security Deed Supplement;
- (e) the Series 2007-3 Intercreditor Deed Supplement;
- (f) the Series 2007-3 Issuer Declaration of Trust;
- (g) the Series 2007-3 Portfolio Purchase Agreement;
- (h) the Series 2007-3 Servicing Agreement;
- (i) the Series 2007-3 Mortgage Administration Agreement;
- (j) the Series 2007-3 Standby Mortgage Administration Agreement;
- (k) the Series 2007-3 Cash Management Agreement;
- (l) the Series 2007-3 Bank Account Agreement;
- (m) the Series 2007-3 Guaranteed Investment Contract;
- (n) the Series 2007-3 Agency Agreement;
- (o) the Series 2007-3 Liquidity Facility Agreement;
- (p) the Series 2007-3 Liquidity Facility Guarantee;

- (q) the Series 2007-3 Currency Swap Agreements;
- (r) the Series 2007-3 Interest Rate Cap Agreement;
- (s) the Series 2007-3 Spread Cap Agreement;
- (t) the Series 2007-3 Interest Rate Swap Agreement;
- (u) the Series 2007-3 Subscription Agreement;
- (v) the Series 2007-3 Remarketing Agreement;
- (w) the Series 2007-3 Conditional Note Purchase Agreement;
- (x) the Series 2007-3 Post-Enforcement Call Option Agreement;
- (y) the Series 2007-3 PECO Side Letter;
- (z) the Series 2007-3 Originator Operational Account Declaration of Trust;
- (aa) the Series 2007-3 Assignment of Scottish Declaration of Trust; and
- (bb) the Series 2007-3 Assignment and Charge.

The documents set out in paragraphs (c) to (bb) (inclusive) immediately above comprise the Series Documents.

## ANNEX 1

### STATIC POOL DATA

The following tables set forth certain historical data of the mortgage pools of the eight previous securitisations by Mortgages No. 4 plc through Mortgages No. 7 plc (inclusive) and Newgate Series 2006-1, Series 2006-2, Series 2006-3, Series 2007-1 and Series 2007-2 by the Issuer, of mortgage loans originated or acquired by the Series Portfolio Seller and securitised between November 2002 and June 2007. The tables do not include historical data for securitisations by issuers Mortgages No. 1 plc, Mortgages No. 2 plc, and Mortgages No. 3 plc as such information is not available and cannot be obtained without unreasonable expense or effort. The tables do not include data past February 2006 for Mortgages No. 4 plc as it was called in May 2006 or data past September 2006 for Mortgages No. 5 plc as it was called in December 2006. The tables show arrears experience, loss experience and prepayment experience for each of those securitised pools as at each quarter-end.

In the following tables, monthly prepayment rates represent for each month earlier than scheduled full and partial repayments (hence excluding monthly scheduled repayments) as a percentage of outstanding principal balances at the time of determination. A mortgage loan is shown as "30-60 days" in arrears when a payment due on any due date remains unpaid as of the close of business on the last day of the month when due. Loss data represent cumulative write-offs during the specified period as a percentage of the principal balances of the mortgage loans in the securitisation at the closing. A write-off occurs following the sale of a property after repossession, but collection efforts for any shortfall are continued until it is no longer financially viable to do so.



## ARREARS

### MORTGAGES NO. 4 PLC MORTGAGE LOANS

	As at January 31, 2003***				As at April 30, 2003*				As at July 31, 2003**				As at October 31, 2003**			
	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	
30-60 Days .....	194	17,221,965.30	7.31%	153	14,236,628.79	6.45%	119	12,317,566.03	5.685%	92	9,123,656.88	4.75%				
60-90 Days .....	59	6,343,626.57	2.69%	69	7,125,857.58	3.23%	54	6,038,456.10	2.79%	44	5,331,937.83	2.78%				
90-120 Days .....	26	3,961,845.55	1.68%	36	4,698,956.14	2.13%	23	3,142,188.05	1.45%	29	2,928,980.25	1.53%				
120+ Days .....	25	2,860,128.27	1.21%	50	6,017,792.65	2.73%	54	8,414,884.23	3.88%	50	8,180,841.95	4.26%				
<b>Grand Total .....</b>	<b>304</b>	<b>30,387,565.69</b>	<b>12.89%</b>	<b>308</b>	<b>32,079,235.16</b>	<b>14.54%</b>	<b>250</b>	<b>29,913,094.41</b>	<b>13.81%</b>	<b>215</b>	<b>25,565,416.91</b>	<b>13.31%</b>				
	<b>As at January 31, 2004**</b>				<b>As at April 30, 2004**</b>				<b>As at July 31, 2004*</b>				<b>As at October 31, 2004*</b>			
Number of mortgage loans in arrears	107	10,172,215.71	6.11%	89	8,601,338.58	5.86%	62	6,644,495.90	5.82%	66	7,035,229.11	6.96%				
Balance of mortgage loans in arrears (£)	49	4,940,691.37	2.97%	20	1,800,144.97	1.23%	24	2,372,904.54	2.08%	25	3,402,285.28	3.37%				
Number of days loans in arrears	18	1,447,066.82	0.87%	15	2,120,073.60	1.44%	16	2,270,031.02	1.99%	13	1,390,749.82	1.38%				
120+ Days .....	35	6,411,498.15	3.85%	38	5,728,251.40	3.90%	30	4,792,386.55	4.20%	24	4,506,734.98	4.46%				
<b>Grand Total .....</b>	<b>209</b>	<b>22,971,472.05</b>	<b>13.80%</b>	<b>162</b>	<b>18,249,808.55</b>	<b>12.43%</b>	<b>132</b>	<b>16,079,818.01</b>	<b>14.10%</b>	<b>128</b>	<b>16,334,999.19</b>	<b>16.17%</b>				

\* Previous month end balance used derived from %'s published in Investor Report.

\*\* Previous quarter end balance used derived from %'s published in Investor Report

\*\*\* Interest Payment date balance used as no other information available.

## MORTGAGES NO. 4 PLC MORTGAGE LOANS

	As at January 31, 2005				As at April 30, 2005				As at July 31, 2005				As at October 31, 2005			
	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	
30-60 Days .....	56	5,062,237.16	5.46%	69	7,171,015.40	8.55%	51	5,081,353.00	7.18%	53	5,477,593.12	10.11%				
60-90 Days .....	27	2,394,024.94	2.58%	14	1,335,137.73	1.59%	20	1,837,617.00	2.60%	8	684,219.00	1.26%				
90-120 Days .....	13	1,640,241.59	1.77%	16	1,781,091.52	2.12%	14	2,359,305.34	3.34%	7	1,098,632.85	2.03%				
120+ Days .....	27	5,069,176.14	5.47%	27	4,456,945.70	5.31%	25	3,886,743.72	5.50%	30	4,309,044.36	7.95%				
<b>Grand Total .....</b>	<b>123</b>	<b>14,165,679.83</b>	<b>15.29%</b>	<b>126</b>	<b>14,744,190.35</b>	<b>17.58%</b>	<b>110</b>	<b>13,165,019.06</b>	<b>18.61%</b>	<b>98</b>	<b>11,569,489.33</b>	<b>21.36%</b>				

### As at January 31, 2006

	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)
30-60 Days .....	41	3,711,560.69	8.12%
60-90 Days .....	15	1,220,453.67	2.67%
90-120 Days .....	14	1,755,632.78	3.84%
120+ Days .....	26	4,000,499.40	8.76%
<b>Grand Total .....</b>	<b>96</b>	<b>10,688,146.54</b>	<b>23.39%</b>

## MORTGAGES NO. 5 PLC MORTGAGE LOANS

	As at August 31, 2003*				As at November 30, 2003*				As at February 29, 2004*				As at May 31, 2004*			
	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	
30-60 Days .....	193	20,749,646.46	8.64%	171	16,454,727.50	7.41%	188	17,770,308.80	8.81%	170	15,431,763.92	8.27%				
60-90 Days .....	46	4,513,526.07	1.88%	46	5,206,731.64	2.34%	71	6,594,776.07	3.27%	73	9,315,485.23	4.99%				
90-120 Days .....	32	3,411,655.77	1.42%	28	2,634,603.02	1.19%	38	5,294,149.13	2.62%	25	3,197,762.84	1.71%				
120+ Days .....	36	5,130,960.67	2.14%	51	7,822,088.79	3.52%	50	7,051,325.22	3.49%	52	7,300,943.85	3.91%				
<b>Grand Total .....</b>	<b>307</b>	<b>33,805,788.97</b>	<b>14.07%</b>	<b>296</b>	<b>32,118,150.95</b>	<b>14.46%</b>	<b>347</b>	<b>36,710,559.22</b>	<b>18.19%</b>	<b>320</b>	<b>35,245,955.84</b>	<b>18.89%</b>				

	As at August 31, 2004*				As at November 30, 2004*				As at February 28, 2005				As at May 31, 2005			
	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	
30-60 Days .....	152	15,293,319.85	9.275%	112	10,584,354.63	7.81%	93	8,844,074.24	6.88%	85	9,215,069.69	7.675%				
60-90 Days .....	56	7,170,653.60	4.35%	44	5,242,161.80	3.87%	41	4,137,239.59	3.22%	36	4,029,773.38	3.36%				
90-120 Days .....	28	3,723,225.84	2.26%	30	5,156,773.12	3.80%	31	4,627,790.46	3.60%	21	2,010,194.83	1.67%				
120+ Days .....	45	7,497,976.45	4.55%	45	8,862,863.38	6.54%	57	8,650,363.79	6.73%	54	7,528,533.13	6.27%				
<b>Grand Total .....</b>	<b>281</b>	<b>33,685,175.74</b>	<b>20.43%</b>	<b>231</b>	<b>29,846,152.93</b>	<b>22.01%</b>	<b>222</b>	<b>26,259,468.08</b>	<b>20.42%</b>	<b>196</b>	<b>22,783,571.03</b>	<b>18.98%</b>				

\* Previous month end balance used derived from %'s published in Investor Report

## MORTGAGES NO. 5 PLC MORTGAGE LOANS

	As at August 31, 2005			As at November 30, 2005			As at February 28, 2006			As at May 31, 2006		
	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)
30-60 Days .....	80	7,799,651.84	7.06%	75	9,030,891.88	9.20%	90	9,018,059.93	11.29%	59	6,128,502.56	10.04%
60-90 Days .....	29	3,137,359.54	2.84%	37	3,561,738.00	3.63%	26	2,422,901.60	3.03%	28	3,196,049.67	5.23%
90-120 Days .....	15	1,371,889.17	1.24%	21	2,073,185.67	2.11%	15	1,788,765.21	2.24%	9	1,009,237.04	1.65%
120+ Days .....	41	6,410,065.49	5.80%	29	4,287,106.69	4.37%	30	4,455,424.91	5.58%	32	5,176,510.58	8.48%
<b>Grand Total .....</b>	<b>165</b>	<b>18,718,966.04</b>	<b>16.95%</b>	<b>162</b>	<b>18,952,922.24</b>	<b>19.30%</b>	<b>161</b>	<b>17,685,151.65</b>	<b>22.15%</b>	<b>128</b>	<b>15,510,299.85</b>	<b>25.40%</b>

### As at August 31, 2006

	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)
30-60 Days .....	53	5,316,023.50	11.62%
60-90 Days .....	15	2,080,263.06	4.55%
90-120 Days .....	11	898,169.91	1.96%
120+ Days .....	26	3,370,021.89	7.36%
<b>Grand Total .....</b>	<b>105</b>	<b>11,664,478.36</b>	<b>25.49%</b>

## MORTGAGES NO. 6 PLC MORTGAGE LOANS

	As at December 31, 2004*				As at March 31, 2005				As at June 30, 2005				As at September 30, 2005			
	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	
30-60 Days .....	549	51,089,333.75	8.91%	571	54,845,779.19	9.90%	523	49,031,776.94	9.37%	484	44,053,625.65	9.10%	484	44,053,625.65	9.10%	
60-90 Days .....	217	20,585,794.47	3.59%	193	20,952,458.06	3.78%	193	19,468,432.66	3.72%	201	20,028,934.27	4.14%	201	20,028,934.27	4.14%	
90-120 Days .....	98	10,200,983.10	1.78%	116	10,661,813.88	1.92%	102	11,563,353.22	2.21%	117	12,815,681.68	2.65%	117	12,815,681.68	2.65%	
120+ Days .....	136	15,890,810.09	2.77%	184	20,134,117.11	3.63%	204	23,394,267.55	4.47%	222	29,027,772.71	6.00%	222	29,027,772.71	6.00%	
<b>Grand Total .....</b>	<b>1,000</b>	<b>97,766,921.41</b>	<b>17.05%</b>	<b>1,064</b>	<b>106,594,168.24</b>	<b>19.23%</b>	<b>1,022</b>	<b>103,457,830.37</b>	<b>19.77%</b>	<b>1,024</b>	<b>105,926,014.31</b>	<b>21.89%</b>	<b>1,024</b>	<b>105,926,014.31</b>	<b>21.89%</b>	
	<b>As at December 31, 2005</b>				<b>As at March 31, 2006</b>				<b>As at June 30, 2006</b>				<b>As at September 30, 2006</b>			
Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)		
30-60 Days .....	567	51,691,525.39	11.71%	474	44,647,066.83	10.93%	443	42,994,416.13	11.55%	439	42,939,928.14	12.82%	439	42,939,928.14	12.82%	
60-90 Days .....	221	22,055,963.48	5.00%	220	21,687,077.90	5.31%	208	20,680,734.44	5.56%	175	17,889,378.41	5.34%	175	17,889,378.41	5.34%	
90-120 Days .....	138	12,817,561.45	2.90%	109	10,872,527.65	2.66%	95	10,079,080.85	2.71%	103	10,285,514.17	3.07%	103	10,285,514.17	3.07%	
120+ Days .....	217	26,379,391.79	5.98%	250	29,144,262.92	7.13%	237	26,752,776.99	7.19%	259	29,904,999.37	8.93%	259	29,904,999.37	8.93%	
<b>Grand Total .....</b>	<b>1,143</b>	<b>112,944,442.11</b>	<b>25.59%</b>	<b>1,053</b>	<b>106,350,935.30</b>	<b>26.02%</b>	<b>983</b>	<b>100,507,008.41</b>	<b>27.00%</b>	<b>976</b>	<b>101,019,820.09</b>	<b>30.16%</b>	<b>976</b>	<b>101,019,820.09</b>	<b>30.16%</b>	

\* Previous month end balance used derived from %'s published in Investor Report

## MORTGAGES NO. 6 PLC MORTGAGE LOANS

	As at December 31, 2006			As at March 31, 2007			As at June 30, 2007			As at September 30, 2007		
	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)
30-60 Days .....	401	39,884,986.41	13.25%	344	31,970,729.18	12.16%	267	25,487,782.33	11.48%	272	25,382,122.68	14.79%
60-90 Days .....	166	16,154,505.03	5.37%	184	18,663,757.57	7.10%	134	12,747,882.84	5.74%	125	12,799,311.91	7.46%
90-120 Days .....	107	12,353,044.10	4.10%	117	13,606,869.38	5.17%	102	11,166,336.93	5.03%	78	7,781,582.89	4.53%
120+ Days .....	258	29,263,693.65	9.72%	227	23,363,496.45	8.89%	245	26,570,439.61	11.97%	174	18,080,275.27	10.54%
<b>Grand Total .....</b>	<b>932</b>	<b>97,656,229.19</b>	<b>32.44%</b>	<b>872</b>	<b>87,604,852.58</b>	<b>33.32%</b>	<b>748</b>	<b>75,972,441.71</b>	<b>34.22%</b>	<b>649</b>	<b>64,043,292.75</b>	<b>37.32%</b>



## MORTGAGES NO. 7 PLC MORTGAGE LOANS

	As at September 30, 2005			As at December 31, 2005			As at March 31, 2006			As at June 30, 2006		
	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)
30-60 Days .....	380	38,946,198.78	7.35%	612	60,958,399.03	8.36%	683	67,651,807.08	9.58%	629	63,833,598.65	9.46%
60-90 Days .....	132	14,170,228.42	2.67%	245	25,584,917.40	3.51%	302	30,640,014.76	4.34%	261	27,862,205.67	4.13%
90-120 Days .....	72	8,041,703.27	1.52%	104	13,153,684.77	1.80%	119	12,528,250.16	1.77%	146	15,746,293.58	2.33%
120+ Days .....	70	8,199,850.02	1.55%	160	18,053,767.93	2.47%	246	27,629,901.23	3.91%	303	31,446,268.26	4.66%
<b>Grand Total .....</b>	<b>654</b>	<b>69,357,980.49</b>	<b>13.08%</b>	<b>1,121</b>	<b>117,750,769.13</b>	<b>16.14%</b>	<b>1,350</b>	<b>138,449,973.23</b>	<b>19.60%</b>	<b>1,339</b>	<b>138,888,366.16</b>	<b>20.57%</b>

	As at September 30, 2006			As at December 31, 2006			As at March 31, 2007			As at June 30, 2007		
	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)
30-60 Days .....	649	68,591,647.85	10.80%	663	70,550,468.23	11.94%	590	61,612,301.86	11.15%	573	61,203,548.76	12.65%
60-90 Days .....	241	24,817,307.77	3.91%	233	23,189,618.68	3.93%	286	30,369,702.07	5.50%	215	24,446,840.79	5.05%
90-120 Days .....	131	14,016,512.00	2.21%	123	13,182,171.90	2.23%	126	15,242,987.84	2.76%	149	18,289,518.12	3.78%
120+ Days .....	356	37,622,842.24	5.93%	338	37,581,742.40	6.36%	332	35,402,043.04	6.41%	337	37,377,160.43	7.73%
<b>Grand Total .....</b>	<b>1,377</b>	<b>145,048,309.86</b>	<b>22.85%</b>	<b>1,357</b>	<b>144,504,001.21</b>	<b>24.46%</b>	<b>1,334</b>	<b>142,627,034.81</b>	<b>25.81%</b>	<b>1,274</b>	<b>141,317,068.10</b>	<b>29.22%</b>

MORTGAGES NO. 7 PLC MORTGAGE LOANS

As at September 30, 2007

	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)
Number of days loans in arrears			
30-60 Days .....	464	50,556,476.16	12.65%
60-90 Days .....	263	29,484,576.54	7.38%
90-120 Days .....	124	13,346,178.91	3.34%
120+ Days .....	309	35,806,835.10	8.96%
<b>Grand Total .....</b>	<b>1,160</b>	<b>129,194,066.71</b>	<b>32.32%</b>

## NEWGATE 2006-1 MORTGAGE LOANS

	As at April 30, 2006			As at July 31, 2006			As at October 31, 2006			As at January 31, 2007		
	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)
30-60 Days .....	430	45,488,124.50	7.95%	448	46,570,127.69	8.27%	406	44,145,046.96	8.10%	467	50,038,731.65	9.60%
60-90 Days .....	164	18,074,228.50	3.16%	197	21,333,157.58	3.79%	195	22,383,400.19	4.11%	239	27,404,205.21	5.26%
90-120 Days .....	60	5,514,271.66	0.96%	96	10,396,583.96	1.85%	88	10,304,907.45	1.89%	117	13,251,085.06	2.54%
120+ Days .....	28	2,815,793.65	0.49%	137	15,915,801.00	2.83%	180	19,646,489.60	3.61%	211	24,101,725.00	4.63%
<b>Grand Total .....</b>	<b>682</b>	<b>71,892,418.31</b>	<b>12.57%</b>	<b>878</b>	<b>94,215,670.23</b>	<b>16.73%</b>	<b>869</b>	<b>96,479,844.20</b>	<b>17.71%</b>	<b>1,034</b>	<b>114,795,746.92</b>	<b>22.03%</b>

	As at April 30, 2007			As at July 31, 2007		
	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)
30-60 Days .....	494	54,302,492.96	11.14%	441	47,968,559.58	10.43%
60-90 Days .....	234	25,578,507.13	5.25%	216	22,949,969.31	4.99%
90-120 Days .....	98	10,604,910.73	2.18%	95	10,745,365.34	2.34%
120+ Days .....	247	27,319,880.91	5.61%	259	29,053,200.46	6.32%
<b>Grand Total .....</b>	<b>1,073</b>	<b>117,805,791.73</b>	<b>24.17%</b>	<b>1,011</b>	<b>110,717,094.69</b>	<b>24.08%</b>

**NEWGATE 2006-2 MORTGAGE LOANS**

	As at August 31, 2006			As at November 30, 2006			As at February 28, 2007			As at May 31, 2007		
	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)
30-60 Days .....	247	29,908,530.07	6.02%	341	39,023,070.05	7.96%	379	42,511,204.59	8.93%	404	44,493,958.57	9.77%
60-90 Days .....	111	11,813,662.00	2.38%	122	15,504,707.77	3.16%	186	20,583,604.24	4.32%	207	23,595,306.85	5.18%
90-120 Days .....	42	4,498,887.00	0.91%	62	6,822,813.99	1.39%	78	9,112,451.29	1.91%	87	10,564,843.01	2.32%
120+ Days .....	30	4,063,166.00	0.82%	101	11,003,836.00	2.24%	153	17,129,198.99	3.60%	186	20,662,265.14	4.54%
<b>Grand Total .....</b>	<b>430</b>	<b>50,284,245.07</b>	<b>10.12%</b>	<b>626</b>	<b>72,354,427.81</b>	<b>14.75%</b>	<b>796</b>	<b>89,336,459.11</b>	<b>18.77%</b>	<b>884</b>	<b>99,316,373.57</b>	<b>21.80%</b>

**As at August 31, 2007**

	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)
30-60 Days .....	408	44,435,999.38	10.23%
60-90 Days .....	176	18,580,077.34	4.28%
90-120 Days .....	92	11,701,822.86	2.69%
120+ Days .....	207	24,802,238.21	5.71%
<b>Grand Total .....</b>	<b>883</b>	<b>99,520,137.79</b>	<b>22.92%</b>

**NEWGATE 2006-3 MORTGAGE LOANS**

	As at December 31, 2006			As at March 31, 2007			As at June 30, 2007			As at September 30, 2007		
	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)
30-60 Days .....	458	52,253,533.88	8.09%	523	61,139,351.90	9.67%	575	65,546,242.68	10.65%	592	68,749,052.31	11.59%
60-90 Days .....	176	20,415,107.41	3.16%	219	25,790,255.67	4.08%	237	27,910,058.45	4.53%	251	27,956,400.65	4.71%
90-120 Days .....	82	10,911,020.23	1.69%	100	11,805,034.33	1.87%	117	13,605,655.19	2.21%	132	15,670,226.13	2.64%
120+ Days .....	68	8,968,825.00	1.39%	195	26,014,650.43	4.11%	245	33,411,814.71	5.43%	311	40,341,537.88	6.80%
<b>Grand Total .....</b>	<b>784</b>	<b>92,548,486.52</b>	<b>14.33%</b>	<b>1037</b>	<b>124,749,292.33</b>	<b>19.73%</b>	<b>1174</b>	<b>140,473,771.03</b>	<b>22.82%</b>	<b>1286</b>	<b>152,717,216.97</b>	<b>25.74%</b>

**NEWGATE 2007-1 MORTGAGE LOANS**

	As at April 30, 2007		As at July 31, 2007	
	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)
				% of mortgage loans in arrears (by balance)
<b>Number of days loans in arrears</b>				
30-60 Days .....	430	53,979,491.67	454	9.44%
60-90 Days .....	173	23,011,696.58	219	4.03%
90-120 Days .....	71	8,991,339.25	95	1.57%
120+ Days .....	42	6,093,918.07	160	1.07%
<b>Grand Total .....</b>	<b>716</b>	<b>92,076,445.57</b>	<b>928</b>	<b>16.11%</b>
				<b>20.54%</b>

NEWGATE 2007-2 MORTGAGE LOANS

As at August 31, 2007

	Number of mortgage loans in arrears	Balance of mortgage loans in arrears (£)	% of mortgage loans in arrears (by balance)
Number of days loans in arrears			
30-60 Days .....	348	44,892,269.25	10.11%
60-90 Days .....	150	19,734,785.59	4.45%
90-120 Days .....	81	9,951,387.75	2.24%
120+ Days .....	52	7,993,776.75	1.80%
<b>Grand Total .....</b>	<b>631</b>	<b>82,572,219.34</b>	<b>18.60%</b>



**LOSSES**

**MORTGAGES NO. 4 PLC MORTGAGE LOANS**

	As at January 31, 2003	As at April 30, 2003	As at July 31, 2003	As at October 31, 2003	As at January 31, 2004	As at April 30, 2004	As at July 31, 2004
<b>Sales</b>							
Cumulative Number of Properties Sold .....	-	2	2	2	6	13	19
Cumulative Value of Properties Sold (£) .....	-	184,405.00	184,404.67	184,404.67	405,186.81	1,052,054.35	2,518,541.84
Number of Properties Sold this quarter.....	-	2	2	2	4	7	6
Value of Properties Sold this quarter (£) .....	-	184,405.00	184,404.67	184,404.67	220,782.14	646,867.54	1,466,487.87
Loss on Sale in quarter (£) .....	-	-	-	-	2,701.50	-	-
Cumulative Loss on Sale (£) .....	-	-	-	-	2,701.50	2,701.50	2,701.50
Cumulative Loss on Sale % of Original							
Balance .....	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Repossessions</b>							
Number of Properties Unsold .....	2	3	3	8	14	12	11
Principal Balance Unsold (£) .....	131,965.00	134,301.00	134,301.00	861,932.00	2,428,611.00	2,808,093.67	2,493,089.87

	As at October 31, 2004	As at January 31, 2005	As at April 30, 2005	As at July 31, 2005	As at October 31, 2005	As at January 31, 2006
<b>Sales</b>						
Cumulative Number of Properties Sold .....	24	29	32	35	36	39
Cumulative Value of Properties Sold (£) .....	4,408,995.18	5,027,895.60	5,517,304.62	5,850,557.96	5,978,825.80	6,346,950.08
Number of Properties Sold this quarter.....	5	5	3	3	1	3
Value of Properties Sold this quarter (£) .....	1,890,453.34	618,900.42	489,409.04	333,253.34	128,267.84	368,124.28
Loss on Sale in quarter (£) .....	277,917.70	17,233.56	5,546.22	-	13,775.08	39,278.79
Cumulative Loss on Sale (£) .....	280,619.20	297,852.76	303,398.98	303,398.98	317,174.06	356,452.85
Cumulative Loss on Sale % of Original						
Balance .....	0.00%	0.13%	0.13%	0.13%	0.13%	0.15%
<b>Repossessions</b>						
Number of Properties Unsold .....	13	8	8	10	12	11
Principal Balance Unsold (£) .....	1,556,886.28	989,177.19	888,297.11	1,653,965.03	1,889,048.03	1,957,292.18

**MORTGAGES NO. 5 PLC MORTGAGE LOANS**

	<b>As at August 31, 2003</b>	<b>As at November 30, 2003</b>	<b>As at February 29, 2004</b>	<b>As at May 31, 2004</b>	<b>As at August 31, 2004</b>	<b>As at November 30, 2004</b>	<b>As at February 28, 2005</b>
<b>Sales</b>							
Cumulative Number of Properties Sold .....	–	–	3	7	12	23	26
Cumulative Value of Properties Sold (£) .....	–	–	416,723.50	805,163.37	1,342,640.99	2,581,687.05	2,857,408.45
Number of Properties Sold this quarter .....	–	–	3	4	5	11	3
Value of Properties Sold this quarter (£) .....	–	–	416,723.50	388,439.87	537,477.62	1,239,046.06	275,721.40
Loss on Sale in quarter (£) .....	–	–	48,501.25	–	–	67,074.25	–
Cumulative Loss on Sale (£) .....	–	–	48,501.25	48,501.25	48,501.25	115,575.50	115,575.50
Cumulative Loss on Sale % of Original Balance .....	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Repossession</b>							
Number of Properties Unsold .....	0	6	10	14	20	17	27
Principal Balance Unsold (£) .....	0	631,907.01	901,181.14	1,682,519.48	2,215,300.02	2,234,876.04	5,012,076.88
	<b>As at May 31, 2005</b>	<b>As at August 31, 2005</b>	<b>As at November 30, 2005</b>	<b>As at February 28, 2006</b>	<b>As at May 31, 2006</b>	<b>As at August 31, 2006</b>	<b>As at September 31, 2006</b>
<b>Sales</b>							
Cumulative Number of Properties Sold .....	31	39	46	55	70	74	72
Cumulative Value of Properties Sold (£) .....	3,759,970.18	4,935,804.09	6,338,819.00	7,765,513.00	9,668,035.00	10,666,291.90	10,273,439.52
Number of Properties Sold this quarter .....	5	8	7	9	15	4	18
Value of Properties Sold this quarter (£) .....	902,561.73	1,175,833.91	1,403,014.91	1,426,694.00	1,902,522.00	998,256.90	2,808,813.96
Loss on Sale in quarter (£) .....	64,914.33	13,467.68	323,073.49	49,862.00	176,673.00	233,051.37	814,547.05
Cumulative Loss on Sale (£) .....	180,489.83	193,957.51	517,031.00	566,893.00	743,566.00	976,617.37	1,791,164.42
Cumulative Loss on Sale % of Original Balance .....	0.00%	0.08%	0.21%	0.23%	0.30%	0.39%	0.72%
<b>Repossession</b>							
Number of Properties Unsold .....	31	25	30	28	17	18	18
Principal Balance Unsold (£) .....	3,759,970.18	4,527,594.69	5,463,210.00	4,779,080.00	3,765,315.00	3,137,939.31	3,358,456.79

**MORTGAGES NO. 6 PLC MORTGAGE LOANS**

	As at		As at		As at		As at	
	December	As at March	As at June	September	December	As at March	As at June	As at June
	31, 2004	31, 2005	30, 2005	30, 2005	31, 2005	31, 2006	30, 2006	30, 2006
<b>Sales</b>								
Cumulative Number of Properties Sold .....	-	1	4	24	46	66	99	
Cumulative Value of Properties Sold (£) .....	-	104,825.34	283,764.06	2,368,987.93	4,958,558.29	7,897,651.36	12,694,609.78	
Number of Properties Sold this quarter.....	-	1	3	20	22	20	33	
Value of Properties Sold this quarter (£) .....	-	104,825.34	178,938.72	2,085,223.87	2,589,570.36	2,939,093.07	4,797,262.42	
Loss on Sale in quarter (£) .....	-	-	11,721.48	31,540.84	78,222.24	136,840.52	541,521.19	
Cumulative Loss on Sale (£) .....	-	-	11,721.48	43,262.32	121,484.56	258,325.08	799,846.27	
Cumulative Loss on Sale % of Original								
Balance .....	0.00%	0.00%	0.00%	0.01%	0.02%	0.04%	0.14%	
<b>Repossessions</b>								
Number of Properties Unsold .....	4	21	42	48	59	60	59	
Principal Balance Unsold (£) .....	478,421.38	2,034,451.26	4,791,808.16	6,388,621.68	9,657,607.89	9,474,452.69	8,754,278.39	

	As at		As at		As at	
	September	December	As At March	As at June	September	As at
	30, 2006	31, 2006	31, 2007	30, 2007	30, 2007	30, 2007
<b>Sales</b>						
Cumulative Number of Properties Sold .....	122	142	169	196	208	
Cumulative Value of Properties Sold (£) .....	15,025,082.73	17,918,190.78	24,148,080.25	28,217,530.31	29,683,662.26	
Number of Properties Sold this quarter.....	23	20	27	27	12	
Value of Properties Sold this quarter (£) .....	2,330,168.57	2,893,108.05	6,229,889.47	4,068,702.93	1,466,131.95	
Loss on Sale in quarter (£) .....	984,247.19	284,616.45	362,053.07	139,266.82	129,985.31	
Cumulative Loss on Sale (£) .....	1,784,093.46	2,068,709.91	2,430,762.98	2,570,029.80	2,700,015.11	
Cumulative Loss on Sale % of Original						
Balance .....	0.30%	0.35%	0.41%	0.44%	0.46%	
<b>Repossessions</b>						
Number of Properties Unsold .....	48	48	24	20	17	
Principal Balance Unsold (£) .....	5,802,079.52	6,877,466.42	2,442,505.14	1,935,956.29	1,485,896.39	

**MORTGAGES NO. 7 PLC MORTGAGE LOANS**

	As at September 30, 2005	As at December 31, 2005	As at March 30, 2006	As at June 30, 2006	As at September 30, 2006	As at December 31, 2006	As at March 31, 2007	As at June 30, 2007
<b>Sales</b>								
Cumulative Number of Properties Sold .....	-	-	5	17	35	71	111	153
Cumulative Value of Properties Sold (£) .....	-	-	410,293.92	2,155,831.23	3,034,881.95	8,098,419.56	12,748,200.23	17,295,696.49
Number of Properties Sold this quarter .....	-	-	5	12	18	36	40	42
Value of Properties Sold this quarter (£) .....	-	-	410,293.92	1,745,537.31	879,049.72	5,063,538.61	4,649,780.67	4,547,496.26
Loss on Sale in quarter (£) .....	-	-	11,971.31	163,882.01	74,093.73	403,441.78	493,797.98	366,008.12
Cumulative Loss on Sale (£) .....	-	-	11,971.31	175,853.32	249,947.05	653,388.83	1,147,186.81	1,513,194.93
Cumulative Loss on Sale % of Original Balance .....	0.00%	0.00%	0.00%	0.02%	0.03%	0.09%	0.15%	0.20%
<b>Repossession</b>								
Number of Properties Unsold .....	1	11	33	42	66	71	75	72
Principal Balance Unsold (£) .....	78,738.50	1,180,278.77	4,232,199.28	4,720,452.80	7,189,129.50	7,277,908.86	7,824,471.79	8,416,433.60
<b>As at September 30, 2007</b>								

**Sales**

Cumulative Number of Properties Sold .....	197
Cumulative Value of Properties Sold (£) .....	22,177,108.21
Number of Properties Sold this quarter .....	44
Value of Properties Sold this quarter (£) .....	4,881,411.72
Loss on Sale in quarter (£) .....	380,666.26
Cumulative Loss on Sale (£) .....	1,893,861.19
Cumulative Loss on Sale % of Original Balance .....	0.25%
<b>Repossession</b>	
Number of Properties Unsold .....	79
Principal Balance Unsold (£) .....	9,323,994.00

NEWGATE 2006-1 MORTGAGE LOANS

	As at April 30, 2006	As at July 31, 2006	As at October 31, 2006	As at January 31, 2007	As at April 30, 2007	As at July 31, 2007
<b>Sales</b>						
Cumulative Number of Properties Sold .....	-	-	1	3	19	40
Cumulative Value of Properties Sold (£) .....	-	-	78,781.46	266,934.79	2,222,228.09	5,305,752.95
Number of Properties Sold this quarter .....	-	-	1	2	16.00	21
Value of Properties Sold this quarter (£) .....	-	-	78,781.46	188,173.33	1,955,293.30	3,083,524.86
Loss on Sale in quarter (£) .....	-	-	3,777.61	13,166.00	173,412.24	363,711.47
Cumulative Loss on Sale (£).....	-	-	3,777.61	16,943.61	190,355.85	554,067.32
Cumulative Loss on Sale % of Original Balance ....	0.00%	0.00%	0.00%	0.00%	0.03%	0.10%
<b>Repossession</b>						
Number of Properties Unsold .....	-	-	10	29	46	52
Principal Balance Unsold (£) .....	-	-	1,169,377	3,492,618.00	5,657,524.00	6,394,620.00

NEWGATE 2006-2 MORTGAGE LOANS

	As at August 31, 2006	As at November 30, 2006	As at February 28, 2007	As at May 31, 2007	As at August 31, 2007
<b>Sales</b>					
Cumulative Number of Properties Sold .....	-	-	-	6	22
Cumulative Value of Properties Sold (£) .....	-	-	-	1,179,611.08	3,108,070.57
Value of Properties Sold – Principal.....	-	-	-	1,099,207.00	2,875,226.00
Number of Properties Sold this quarter .....	-	-	-	6	16
Value of Properties Sold this quarter (£) .....	-	-	-	1,179,611.08	1,928,458.49
Value of Properties Sold this quarter – Principal ....	-	-	-	1,099,207.00	1,776,019.00
Loss on Sale in quarter (£) .....	-	-	-	18,774.92	226,912.69
Cumulative Loss on Sale (£).....	-	-	-	18,774.92	245,687.61
Cumulative Loss on Sale % of Original Balance ....	0.00%	0.00%	0.00%	0.00%	0.05%
<b>Repossession</b>					
Number of Properties Unsold .....	-	2	16	20	28
Principal Balance Unsold (£) .....	-	747,087.00	2,127,054.00	2,528,183.00	3,475,030.00

NEWGATE 2006-3 MORTGAGE LOANS

	As at December 31, 2006	As at March 31, 2007	As at June 30, 2007	As at September 30, 2007
<b>Sales</b>				
Cumulative Number of Properties Sold .....	-	-	3	12
Cumulative Value of Properties Sold .....	-	-	375,686.15	1,966,751.19
Number of Properties Sold this quarter .....	-	-	3	9
Value of Properties Sold this quarter .....	-	-	375,686.15	1,591,065.04
Loss on Sale in quarter .....	-	-	11,281.90	337,393.20
Cumulative Loss on Sale (GBP) .....	-	-	11,281.90	348,675.10
Cumulative Loss on Sale % of Original Balance .....	0.00%	0.00%	0.00%	0.06%
<b>Repossession</b>				
Number of Properties Unsold .....	-	6	26	49
Principal Balance Unsold (£) .....	-	788,912.00	3,494,235.00	6,868,901.37



**NEWGATE 2007-1 MORTGAGE LOANS**

	As at April 30, 2007	As at July 31, 2007
<b>Sales</b>		
Cumulative Number of Properties Sold .....	-	-
Cumulative Value of Properties Sold .....	-	-
Number of Properties Sold this quarter .....	-	-
Value of Properties Sold this quarter .....	-	-
Loss on Sale in quarter .....	-	-
Cumulative Loss on Sale (GBP) .....	-	-
Cumulative Loss on Sale % of Original Balance .....	0.00%	0.00%
<b>Repossession</b>		
Number of Properties Unsold .....	-	1
Principal Balance Unsold (£) .....	-	166,497.00

NEWGATE 2007-2 MORTGAGE LOANS

As at August  
31, 2007

<b>Sales</b>		
Cumulative Number of Properties Sold .....	-	
Cumulative Value of Properties Sold (£).....	-	
Number of Properties Sold this quarter .....	-	
Value of Properties Sold this quarter (£).....	-	
Loss on Sale in quarter (£) .....	-	
Cumulative Loss on Sale (£).....	-	
Cumulative Loss on Sale % of Original Balance .....	0.00%	
<b>Repossessions</b>		
Number of Properties Unsold .....	-	
Principal Balance Unsold (£) .....	-	

**PREPAYMENT RATE**

**MORTGAGES NO. 4 PLC MORTGAGE LOANS**

	<b>As at February 21, 2003</b>	<b>As at May 21, 2003</b>	<b>As at August 20, 2003</b>	<b>As at November 21, 2003</b>	<b>As at February 23, 2004</b>	<b>As at May 21, 2004</b>	<b>As at August 23, 2004</b>
<b>TRR*</b>							
Three month .....	21.60%	28.58%	38.29%	43.50%	39.43%	40.29%	39.04%
<b>Mortgage Principal Analysis</b>							
<b>- Interest Period</b>							
Opening Mortgage Principal (£) .....	249,515,565.29	235,683,755.49	216,663,690.21	192,030,363.30	166,489,280.66	146,877,196.49	129,113,987.24
Redemptions (£) .....	14,382,537.37	19,541,276.28	24,855,482.91	25,679,238.64	19,779,567.17	17,918,405.25	15,162,331.81
Further Advances/Retentions (£) ....	550,728.00	521,211.00	222,156.00	138,156.00	167,483.00	155,196.00	135,985.00
Closing Mortgage Principal (£) .....	235,683,755.92	216,663,690.21	192,030,363.30	166,489,280.66	146,877,196.49	129,113,987.24	114,087,640.43
<b>As of Issue Date -</b>							
<b>Since Issue Date</b>							
Opening Mortgage Principal (£) .....	234,388,349.29	234,388,349.29	234,388,349.29	234,388,349.29	234,388,349.29	234,388,349.29	234,388,349.29
Prefunding amount (£) .....	15,127,215.57	15,127,215.57	15,127,215.57	15,127,215.57	15,127,215.57	15,127,215.57	15,127,215.57
Redemptions (£) .....	14,382,537.37	33,923,813.65	58,779,296.56	84,458,535.20	104,238,102.37	122,156,507.62	137,318,839.43
Further Advances/Retentions (£) ....	550,728.00	1,071,939.00	1,294,095.00	1,432,251.00	1,599,734.00	1,754,930.00	1,890,915.00
Closing Mortgage Principal (£) .....	235,683,755.49	216,663,690.21	192,030,363.30	166,489,280.66	146,877,196.49	129,113,987.24	114,087,640.43

\* TRR = Total Redemption Rate (annualised)

**MORTGAGES NO. 4 PLC MORTGAGE LOANS**

	As at November 22, 2004	As at February 21, 2005	As at May 23, 2005	As at August 22, 2005	As at November 21, 2005	As at February 21, 2006
<b>TRR*</b>						
Three month .....	38.47%	33.87%	33.54%	56.88%	59.08%	55.57%
<b>Mortgage Principal Analysis – Interest Period</b>						
Opening Mortgage Principal (£) .....	114,087,640.43	101,044,273.28	91,120,079.86	82,272,377.48	66,667,842.63	53,322,009.35
Redemptions (£) .....	13,062,100.00	9,924,193.42	8,847,702.38	15,604,534.85	13,345,833.28	9,789,115.60
Further Advances/Retentions (£) .....	18,733.00	–	–	–	–	–
Closing Mortgage Principal (£) .....	101,044,273.28	91,120,079.86	82,272,377.48	66,667,842.63	53,322,009.35	43,532,893.75
<b>As of Issue Date – Since Issue Date</b>						
Opening Mortgage Principal (£) .....	234,388,349.29	234,388,349.29	234,388,349.29	234,388,349.29	234,388,349.29	234,388,349.29
Prefunding amount (£) .....	15,127,215.57	15,127,215.57	15,127,215.57	15,127,215.57	15,127,215.57	15,127,215.57
Redemptions (£) .....	150,380,939.58	160,305,133.00	169,152,835.38	184,757,370.23	198,103,203.51	207,892,319.11
Further Advances/Retentions (£) .....	1,909,648.00	1,909,648.00	1,909,648.00	1,909,648.00	1,909,648.00	1,909,648.00
Closing Mortgage Principal (£) .....	101,044,273.28	91,120,079.86	82,272,377.48	66,667,842.63	53,322,009.35	43,532,893.75

\* TRR = Total Redemption Rate (annualised)

**MORTGAGES NO. 5 PLC MORTGAGE LOANS**

	As at September 23, 2003	As at December 21, 2003	As at March 24, 2004	As at June 22, 2004	As at September 23, 2004	As at December 21, 2004	As at March 22, 2005
<b>TRR*</b>							
Three month .....	14.44%	26.04%	31.86%	41.20%	40.70%	41.68%	22.55%
<b>Mortgage Principal Analysis –</b>							
<b>Interest Period</b>							
Opening Mortgage Principal (£) .....	249,115,296.26	239,563,852.25	222,114,285.95	201,804,241.77	176,717,628.33	155,072,853.10	135,515,582.62
Redemptions (£) .....	9,955,019.78	18,103,144.57	20,395,866.18	25,212,586.44	21,854,991.23	19,641,259.48	8,485,328.80
Further Advances/Retentions (£) .....	403,575.77	653,578.27	85,822.00	125,973.00	210,216.00	83,989.00	99,199.00
Closing Mortgage Principal (£) .....	239,563,852.25	222,114,285.95	201,804,241.77	176,717,628.33	155,072,853.10	135,515,582.62	127,129,452.82
<b>As of Issue Date –</b>							
<b>Since Issue Date</b>							
Opening Mortgage Principal (£) .....	211,345,581.99	211,345,581.99	211,345,581.99	211,345,581.99	211,345,581.99	211,345,581.99	211,345,581.99
Prefunding amount (£) .....	37,769,714.27	37,769,714.27	37,769,714.27	37,769,714.27	37,769,714.27	37,769,714.27	37,769,714.27
Redemptions (£) .....	9,955,019.78	28,058,164.35	48,454,030.53	73,666,616.97	95,521,608.20	115,162,867.68	123,648,196.48
Further Advances/Retentions (£) .....	403,575.77	1,057,154.04	1,142,976.04	1,268,949.04	1,479,165.04	1,563,154.04	1,662,353.04
Closing Mortgage Principal (£) .....	239,563,852.25	222,114,285.95	201,804,241.77	176,717,628.33	155,072,853.10	135,515,582.62	127,129,452.82

\* TRR = Total Redemption Rate (annualised)

**MORTGAGES NO. 5 PLC MORTGAGE LOANS**

	As at June 23, 2005	As at September 23, 2005	As at December 21, 2005	As at March 24, 2006	As at June 23, 2006	As at September 22, 2006
<b>TRR*</b>						
Three month .....	25.56%	28.35%	45.16%	55.75%	71.03%	59.92%
<b>Mortgage Principal Analysis –</b>						
<b>Interest Period</b>						
Opening Mortgage Principal (£).....	127,129,452.82	118,085,735.11	108,591,940.94	93,449,419.98	76,215,580.45	55,913,636.57
Redemptions (£) .....	9,043,717.71	9,443,794.17	15,192,520.96	17,233,839.53	20,301,943.88	11,424,332.48
Further Advances/Retentions (£) .....	–	–	–	–	–	–
Closing Mortgage Principal (£) .....	118,085,735.11	108,641,940.94	93,449,419.40	76,215,580.45	55,913,636.57	44,489,304.09
<b>As of Issue Date – Since Issue Date</b>						
Opening Mortgage Principal (£).....	211,345,581.99	211,345,581.99	211,345,581.99	211,345,581.99	211,345,581.99	211,345,581.99
Prefunding amount (£) .....	37,769,714.27	37,769,714.27	37,769,714.27	37,769,714.27	37,769,714.27	37,769,714.27
Redemptions (£) .....	132,691,914.19	142,135,708.36	157,328,229.32	174,562,068.85	194,864,012.73	206,288,345.21
Further Advances/Retentions (£) .....	1,662,353.04	1,662,353.04	1,662,353.04	1,662,353.04	1,662,353.04	1,662,353.04
Closing Mortgage Principal (£) .....	118,085,735.11	108,641,940.94	93,449,419.98	76,215,580.45	55,913,636.57	44,489,304.09

\* TRR = Total Redemption Rate (annualised)

## MORTGAGES NO. 6 PLC MORTGAGE LOANS

	As at January 24, 2005	As at April 22, 2005	As at July 22, 2005	As at October 24, 2005	As at January 24, 2006	As at April 21, 2006	As at July 24, 2006	As at October 24, 2006	As at January 24, 2007	As at April 23, 2007	As at July 24, 2007	As at October 24, 2007
<b>TRR*</b>												
Three month .....	14.03%	16.20%	21.61%	27.77%	29.63%	26.88%	33.94%	33.73%	36.54%	41.29%	50.44%	68.57%
<b>Mortgage Principal Analysis</b>												
– Interest Period												
Opening Mortgage Principal	509,854,495.31	573,270,328.76	548,497,528.44	515,270,796.17	475,023,997.48	435,131,666.36	402,313,336.17	362,698,406.50	327,248,151.22	292,084,323.22	255,668,900.22	214,517,857.18
– Closing (£) .....												
Opening Mortgage Principal – Pretending (£) .....	76,628,698.06	–	–	–	–	–	–	–	–	–	–	–
Redemptions (£) .....	12,680,856.27	24,162,779.32	32,933,181.09	39,821,208.80	39,637,386.22	32,082,806.99	38,891,739.37	34,886,079.86	34,482,609.13	35,914,972.19	40,540,138.44	53,330,589.04
Further Advances/Retentions (£) .....	352,683.00	390,554.00	720,314.00	236,825.00	417,800.00	112,206.00	86,901.33	194,398.72	115,001.00	134,872.00	27,350.00	–
Other capital amount (£) .....	884,691.34	1,000,575.00	1,013,865.18	662,414.89	732,744.90	787,729.20	835,132.63	733,333.14	796,219.87	635,322.81	638,254.60	561,865.10
Closing Mortgage Principal (£) .....	573,270,328.76	548,497,528.44	515,270,796.17	475,023,997.48	435,071,666.36	402,373,336.17	362,673,365.50	327,273,192.22	292,084,323.22	255,668,900.22	214,517,857.18	160,625,403.04
Further advances committed but unpaid (£) .....	250,000.00	250,000.00	250,000.00	–	60,000.00	–60,000.00	25,041.00	–25,041.00	–	–	–	–
Closing Mortgage Principal plus further advance committed but unpaid (£) .....	573,520,328.76	548,747,528.44	515,520,796.17	475,023,997.48	435,131,666.36	402,313,336.17	362,698,406.50	327,248,151.22	292,084,323.22	255,668,900.22	214,517,857.18	160,625,403.04
<b>As of Issue Date – Since Issue Date</b>												
Opening Mortgage Principal – Close (£)	509,854,495.31	509,854,495.31	509,854,495.31	509,854,495.31	509,854,495.31	509,854,495.31	509,854,495.31	509,854,495.31	509,854,495.31	509,854,495.31	509,854,495.31	509,854,495.31
Pretending amount (£) .....	76,628,698.06	76,628,698.06	76,628,698.06	76,628,698.06	76,628,698.06	76,628,698.06	76,628,698.06	76,628,698.06	76,628,698.06	76,628,698.06	76,628,698.06	76,628,698.06
Redemptions (£) .....	12,680,856.27	36,843,635.59	69,776,816.68	109,598,025.48	149,235,411.70	181,318,218.69	220,209,958.06	255,095,996.92	289,578,606.05	325,493,578.24	366,033,716.68	419,364,303.72
Further Advances/Retentions (£) .....	352,683.00	743,237.00	1,463,551.00	1,700,376.00	2,118,176.00	2,230,382.00	2,317,283.33	2,511,682.05	2,626,683.05	2,761,555.05	2,788,905.05	2,788,905.05
Other capital amount (£) .....	884,691.34	1,885,266.34	2,899,131.52	3,561,546.41	4,294,291.31	5,082,020.51	5,917,153.14	6,650,727.28	7,446,947.15	8,082,269.96	8,720,524.56	9,282,389.66
Closing Mortgage Principal (£) .....	573,270,328.76	548,497,528.44	515,270,796.17	475,023,997.48	435,071,666.36	402,313,336.17	362,673,365.50	327,248,151.22	292,084,323.22	255,668,900.22	214,517,857.18	160,625,403.04
Further advances committed but unpaid (£) .....	250,000.00	250,000.00	250,000.00	–	60,000.00	–	25,041.00	–	–	–	–	–
Closing Mortgage Principal plus further advance committed but unpaid .....	573,520,328.76	548,747,528.44	515,520,796.17	475,023,997.48	435,131,666.36	402,313,336.17	362,698,406.50	327,248,151.22	292,084,323.22	255,668,900.22	214,517,857.18	160,625,403.04

\* TRR = Total Redemption Rate (annualised)



**MORTGAGES NO. 7 PLC MORTGAGE LOANS**

	<b>As at October 24, 2005</b>	<b>As at January 24, 2005</b>	<b>As at April 21, 2006</b>	<b>As at July 24, 2006</b>	<b>As at October 24, 2006</b>	<b>As at January 24, 2007</b>	<b>As at April 24, 2007</b>	<b>As at July 24, 2007</b>
<b>TRR*</b>								
Three month.....	3.76%	7.54%	13.29%	20.09%	22.81%	23.98%	24.10%	48.95%
<b>Mortgage Principal Analysis –</b>								
<b>Interest Period</b>								
Opening Mortgage Principal –								
Close (£) .....	533,737,822.76	743,164,238.73	728,731,853.00	703,201,138.55	664,869,494.26	623,196,547.08	581,917,890.03	543,161,550.84
Opening Mortgage Principal –								
Prefunding (£) .....	216,087,289.27	–	–	–	–	–	–	–
Redemptions (£) .....	6,318,699.34	12,670,102.85	25,155,770.28	37,471,060.97	39,647,325.66	40,608,440.13	37,728,366.78	83,465,556.32
Further Advances/Retentions (£) .....	274,856.00	100,761.00	599,193.00	371,382.01	362,539.00	323,407.00	70,501.00	80,961.00
Other capital amount (£) .....	617,029.96	1,863,043.88	974,137.17	1,231,965.33	2,388,160.52	993,623.92	1,098,473.41	658,032.72
Closing Mortgage Principal (£).....	743,164,238.73	728,731,853.00	703,201,138.55	664,869,494.26	623,196,547.08	581,917,890.03	543,161,550.84	459,118,922.80
Further advances committed but unpaid (£).....	–	–	–	–	–	–	–	–
<b>As of Issue Date –</b>								
<b>Since Issue Date</b>								
Opening Mortgage Principal –								
Close (£) .....	533,737,822.76	533,737,822.76	533,737,822.76	533,737,822.76	533,737,822.76	533,737,822.76	533,737,822.76	533,737,822.76
Opening Mortgage Principal –								
Refunding (£).....	216,087,289.27	216,087,289.27	216,087,289.27	216,087,289.27	216,087,289.27	216,087,289.27	216,087,289.27	216,087,289.27
Redemptions (£) .....	6,318,699.34	18,988,802.19	44,144,572.47	81,615,633.44	121,262,959.10	161,871,399.23	199,599,766.01	283,065,322.33
Further Advances/Retentions (£) .....	274,856.00	375,617.00	974,810.00	1,346,192.01	1,708,731.01	2,032,138.01	2,102,639.01	2,183,600.01
Other capital amount (£) .....	617,029.96	2,480,073.84	3,454,211.01	4,686,176.34	7,074,336.86	8,067,960.78	9,166,434.19	9,824,466.91
Closing Mortgage Principal (£).....	743,164,238.73	728,731,853.00	703,201,138.55	664,869,494.26	623,196,547.08	581,917,890.03	543,161,550.84	459,118,922.80
Further advances committed but unpaid (£).....	–	–	–	–	–	–	–	–

\* TRR = Total Redemption Rate (annualised)

**MORTGAGES NO. 7 PLC MORTGAGE LOANS**

	As at October 24, 2007
<b>TRR*</b>	
Three month.....	50.57%
<b>Mortgage Principal Analysis –</b>	
<b>Interest Period</b>	
Opening Mortgage Principal –	
Close (£) .....	459,118,922.80
Opening Mortgage Principal –	
Prefunding (£) .....	–
Redemptions (£) .....	73,823,972.98
Further Advances/Retentions (£) .....	79,962.00
Other capital amount (£) .....	411,050.66
Closing Mortgage Principal (£) .....	384,963,861.16
Further advances committed but unpaid (£).....	–
<b>As of Issue Date – Since Issue Date</b>	
Opening Mortgage Principal –	
Close (£) .....	533,737,822.76
Opening Mortgage Principal –	
Refunding (£).....	216,087,289.27
Redemptions (£) .....	356,889,295.31
Further Advances/Retentions (£) .....	2,263,562.01
Other capital amount (£) .....	10,235,517.57
Closing Mortgage Principal (£).....	384,963,861.16
Further advances committed but unpaid (£).....	–

\* TRR = Total Redemption Rate (annualised)

**NEWGATE 2006-1 MORTGAGE LOANS**

	<b>As at May 24, 2006</b>	<b>As at September 24, 2006</b>	<b>As at November 24, 2006</b>	<b>As at February 22, 2007</b>	<b>As at May 24, 2007</b>	<b>As at August 24, 2007</b>
<b>CPR Rate</b>	3.85%	6.25%	8.70%	11.61%	13.43%	15.42%
Three month .....						
<b>Mortgage Principal Analysis – Interest Period</b>						
Opening Mortgage Principal – Close (£) .....	574,999,341.02	570,270,702.29	557,493,694.53	537,442,742.95	509,058,004.54	480,677,118.11
Opening Mortgage Principal – Prefunding (£) .....	–	–	–	–	–	–
Redemptions (£) .....	4,396,587.85	12,226,015.64	19,123,271.50	27,448,980.34	27,495,288.15	32,863,527.49
Further Advances/Retentions (£) .....	513,971.41	626,667.00	611,871.50	172,209.00	186,502.00	209,568.00
Other capital amount (£) .....	846,022.29	1,177,659.12	1,539,551.58	1,107,967.07	1,072,100.28	859,254.42
Closing Mortgage Principal (£) .....	570,270,702.29	557,493,694.53	537,442,742.95	509,058,004.54	480,677,118.11	447,163,904.20
Further advances committed but unpaid (£) .....	–	–	–	–	–	–
<b>As of Issue Date – Since Issue Date</b>						
Opening Mortgage Principal – Close (£) .....	574,999,341.02	574,999,341.02	574,999,341.02	574,999,341.02	574,999,341.02	574,999,341.02
Opening Mortgage Principal – Prefunding (£) .....	–	–	–	–	–	–
Redemptions (£) .....	4,396,587.85	16,622,603.49	35,745,874.99	63,194,855.33	90,690,143.48	123,553,670.97
Further Advances/Retentions (£) .....	513,971.41	1,140,638.41	1,752,509.91	1,924,718.91	2,111,220.91	2,320,788.91
Other capital amount (£) .....	846,022.29	2,023,681.41	3,563,232.99	4,671,200.06	5,743,300.34	6,602,554.76
Closing Mortgage Principal (£) .....	570,270,702.29	557,493,694.53	537,442,742.95	509,058,004.54	480,677,118.11	447,163,904.20
Further advances committed but unpaid (£) .....	–	–	–	–	–	–

**NEWGATE 2006-2 MORTGAGE LOANS**

	As at September 25, 2006	As at December 21, 2006	As at March 26, 2007	As at July 25, 2007	As at October 24, 2007
<b>CPR Rate</b>					
Three month .....	2.56%	4.39%	6.83%	9.06%	10.62%
<b>Mortgage Principal Analysis – Interest Period</b>					
Opening Mortgage Principal – Close (£) .....	499,915,517.24	495,171,208.85	485,907,693.99	470,099,522.13	449,747,955.02
Opening Mortgage Principal – Prefunding (£) .....	3,702,307.75	8,227,384.13	15,025,116.56	19,385,520.32	20,080,036.84
Redemptions (£) .....	352,983.00	280,909.00	379,598.67	129,527.00	226,924.00
Further Advances/Retentions (£) .....	1,394,983.64	1,317,039.73	1,162,653.97	1,095,573.79	985,022.74
Other capital amount (£) .....	495,171,208.85	485,907,693.99	470,099,522.13	449,747,955.02	428,909,819.44
Closing Mortgage Principal (£) .....	—	—	—	—	—
Further advances committed but unpaid (£) .....	—	—	—	—	—
<b>As of Issue Date – Since Issue Date</b>					
Opening Mortgage Principal – Close (£) .....	499,915,517.24	499,915,517.24	499,915,517.24	499,915,517.24	499,915,517.24
Opening Mortgage Principal – Prefunding (£) .....	3,702,307.75	11,929,691.88	26,954,808.44	46,340,328.76	66,420,365.60
Redemptions (£) .....	352,983.00	633,892.00	1,013,490.67	1,143,017.67	1,369,941.67
Further Advances/Retentions (£) .....	1,394,983.64	2,712,023.37	3,874,677.34	4,970,251.13	5,955,273.87
Other capital amount (£) .....	495,171,208.85	485,907,693.99	470,099,522.13	449,747,955.02	428,909,819.44
Closing Mortgage Principal (£) .....	—	—	—	—	—
Further advances committed but unpaid (£) .....	—	—	—	—	—

**NEWGATE 2006-3 MORTGAGE LOANS**

	As at January 25, 2007	As at April 25, 2007	As at July 25, 2007	As at October 25, 2007
<b>CPR Rate</b>				
Three month .....	3.67%	5.90%	7.32%	9.08%
<b>Mortgage Principal Analysis – Interest Period</b>				
Opening Mortgage Principal – Close (£) .....	650,023,768.38	642,327,628.14	627,753,413.14	610,178,702.51
Opening Mortgage Principal – Prefunding (£) .....	–	–	–	–
Redemptions (£) .....	6,321,038.12	13,523,042.98	16,783,910.99	23,077,298.17
Further Advances/Retentions (£).....	300,185.00	322,638.00	456,557.00	235,418.00
Other capital amount (£) .....	1,675,287.12	1,373,810.02	1,247,356.64	1,244,904.76
Closing Mortgage Principal (£).....	642,327,628.14	627,753,413.14	610,178,702.51	586,091,917.58
Further advances committed but unpaid (£) .....	–	–	–	–
<b>As of Issue Date – Since Issue Date</b>				
Opening Mortgage Principal – Close (£) .....	650,023,768.38	650,023,768.38	650,023,768.38	650,023,768.38
Opening Mortgage Principal – Prefunding (£) .....	–	–	–	–
Redemptions (£) .....	6,321,038.12	19,844,081.10	36,627,992.09	59,705,290.26
Further Advances/Retentions (£).....	300,185.00	622,823.00	1,079,380.00	1,314,798.00
Other capital amount (£) .....	1,675,287.12	3,049,097.14	4,296,453.78	5,541,358.54
Closing Mortgage Principal (£).....	642,327,628.14	627,753,413.14	610,178,702.51	586,091,917.58
Further advances committed but unpaid (£) .....	–	–	–	–

**NEWGATE 2007-1 MORTGAGE LOANS**

	<b>As at April 24, 2007</b>	<b>As at August 24, 2007</b>
<b>CPR Rate</b>		
Three month .....	3.76%	5.57%
<b>Mortgage Principal Analysis – Interest Period</b>		
Opening Mortgage Principal – Close (£) .....	574,998,558.79	569,190,482.46
Opening Mortgage Principal – Prefunding (£) .....	–	–
Redemptions (£) .....	4,936,773.27	10,851,305.58
Further Advances/Retentions (£) .....	251,695.00	182,727.00
Other capital amount (£) .....	1,122,998.06	1,065,469.55
Closing Mortgage Principal (£) .....	569,190,482.46	557,456,434.33
Further advances committed but unpaid (£) .....	–	–
<b>As of Issue Date – Since Issue Date</b>		
Opening Mortgage Principal – Close (£) .....	574,998,558.79	574,998,558.79
Opening Mortgage Principal – Prefunding (£) .....	–	–
Redemptions (£) .....	4,936,773.27	15,788,078.85
Further Advances/Retentions (£) .....	251,695.00	434,422.00
Other capital amount (£) .....	1,122,998.06	2,188,467.61
Closing Mortgage Principal (£) .....	569,190,482.46	557,456,434.33
Further advances committed but unpaid (£) .....	–	–

**NEWGATE 2007-2 MORTGAGE LOANS**

	<b>As at September 10, 2007</b>
<b>CPR Rate</b>	
Three month .....	4.85%
<b>Mortgage Principal Analysis – Interest Period</b>	
Opening Mortgage Principal – Close (£) .....	450,022,881.36
Opening Mortgage Principal – Prefunding (£) .....	–
Redemptions (£) .....	6,008,244.28
Further Advances/Retentions (£) .....	171,445.00
Other capital amount (£) .....	1,032,265.85
Closing Mortgage Principal (£) .....	443,153,816.23
Further advances committed but unpaid (£) .....	–
<b>As of Issue Date – Since Issue Date</b>	
Opening Mortgage Principal – Close (£) .....	450,022,881.36
Opening Mortgage Principal – Prefunding (£) .....	–
Redemptions (£) .....	6,008,244.28
Further Advances/Retentions (£) .....	171,445.00
Other capital amount (£) .....	1,032,265.85
Closing Mortgage Principal (£) .....	443,153,816.23
Further advances committed but unpaid (£) .....	–



**ANNEX 2**  
**NOTE TERMS**

**PART A: CONTRACTUAL TERMS**

<b>Class of Notes:</b>	<b>Class A1</b>	<b>Class A2b</b>	<b>Class A3</b>	<b>Class Ba</b>	<b>Class Bb</b>	<b>Class Cb</b>	<b>Class D</b>	<b>Class E</b>
<b>1. Issuer:</b>	Newgate Funding Plc	Newgate Funding Plc	Newgate Funding Plc	Newgate Funding Plc	Newgate Funding Plc	Newgate Funding Plc	Newgate Funding Plc	Newgate Funding Plc
<b>2. (a) Series:</b>	2007-3 Class A1 Mortgage Backed Floating Rate Notes due 15 December 2050	2007-3 Class A2b Mortgage Backed Floating Rate Notes due 15 December 2050	2007-3 Class A3 Mortgage Backed Floating Rate Notes due 15 December 2050	2007-3 Class Ba Mortgage Backed Floating Rate Notes due 15 December 2050	2007-3 Class Bb Mortgage Backed Floating Rate Notes due 15 December 2050	2007-3 Class Cb Mortgage Backed Floating Rate Notes due 15 December 2050	2007-3 Class D Mortgage Backed Floating Rate Notes due 15 December 2050	2007-3 Class E Mortgage Backed Floating Rate Notes due 15 December 2050
<b>(b) Tranche:</b>	I	I	I	I	I	I	I	I
<b>3. Ratings (Moody's/S&amp;P/Fitch):</b>	P-1/A-1+/F1+/Aaa/AAA/AAA	Aaa/AAA/AAA	Aaa/AAA/AAA	Aa2/A+/A+/Aa2/AA/AA-	Aa2/AA/AA-	A3/A/A-	Baa3/BBB/BBB+	Ba3/BBB-/BBB-
<b>4. Specified Currency or Currencies:</b>	£	€	£	£	€	€	£	£
<b>5. Aggregate Nominal Amount:</b>	300,000,000	399,000,000	148,100,000	31,200,000	42,000,000	44,000,000	12,750,000	11,500,000
<b>6. Issue Price:</b>	100% of the Aggregate Nominal Amount	100% of the Aggregate Nominal Amount	100% of the Aggregate Nominal Amount	100% of the Aggregate Nominal Amount	100% of the Aggregate Nominal Amount	100% of the Aggregate Nominal Amount	100% of the Aggregate Nominal Amount	100% of the Aggregate Nominal Amount
<b>7. Specified Denominations:</b>	£50,000 less any portion of principal redeemed pursuant to Condition 9	€50,000 less any portion of principal redeemed pursuant to Condition 9	£50,000 less any portion of principal redeemed pursuant to Condition 9	£50,000 less any portion of principal redeemed pursuant to Condition 9	€50,000 less any portion of principal redeemed pursuant to Condition 9	€50,000 less any portion of principal redeemed pursuant to Condition 9	£50,000 less any portion of principal redeemed pursuant to Condition 9	£50,000 less any portion of principal redeemed pursuant to Condition 9
<b>8. (a) Issue Date:</b>	20 December 2007	20 December 2007	20 December 2007	20 December 2007	20 December 2007	20 December 2007	20 December 2007	20 December 2007
<b>(b) Interest Commencement Date:</b>	20 December 2007	20 December 2007	20 December 2007	20 December 2007	20 December 2007	20 December 2007	20 December 2007	20 December 2007
<b>(c) Initial Distribution Date:</b>	18 March 2008	18 March 2008	18 March 2008	18 March 2008	18 March 2008	18 March 2008	18 March 2008	18 March 2008
<b>9. Final Maturity Date:</b>	15 December 2050	15 December 2050	15 December 2050	15 December 2050	15 December 2050	15 December 2050	15 December 2050	15 December 2050
<b>10. Redemption/Payment Basis:</b>	Redemption at par	Redemption at par	Redemption at par	Redemption at par	Redemption at par	Redemption at par	Redemption at par	Redemption at par
<b>11. Deferral of Interest:</b>	Not Applicable	Not Applicable	So long as there are Class A1 Notes or Class A2b Notes outstanding, interest on the Class A3 Notes may be deferred	So long as there are Class A Notes outstanding, interest on the Class Ba Notes may be deferred	So long as there are Class A Notes outstanding, interest on the Class Bb Notes may be deferred	So long as there are Class A Notes or Class B Notes outstanding, interest on the Class Cb Notes may be deferred	So long as there are Class A Notes, Class B Notes or Class Cb Notes outstanding, interest on the Class D Notes may be deferred	So long as there are Class A Notes, Class B Notes, Class Cb Notes or Class D Notes outstanding, interest on the Class E Notes may be deferred
<b>12. Change of Interest Basis or Redemption/Payment Basis:</b>	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
<b>13. Yield</b>	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
<b>14. (a) Listing:</b>	Irish Stock Exchange	Irish Stock Exchange	Irish Stock Exchange	Irish Stock Exchange	Irish Stock Exchange	Irish Stock Exchange	Irish Stock Exchange	Irish Stock Exchange
<b>(b) Admission to trading:</b>	It is expected that listing of the Notes on the Official List of the Irish Stock Exchange will be granted on or about 20 December 2007, subject only to the issue of Global Notes.							
<b>(c) Estimate of total expenses related to listing:</b>	The estimated cost of the application to the Official List and admission to trading on the Irish Stock Exchange's regulated market for listed securities is €6,282.40.							

**Class of Notes:**      **Class A1**      **Class A2b**      **Class A3**      **Class Ba**      **Class Bb**      **Class Cb**      **Class D**      **Class E**

15. Method of distribution:      Syndicated      Syndicated      Syndicated      Syndicated      Syndicated      Syndicated      Syndicated      Syndicated

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

16. Fixed Rate Note Provisions:      Not Applicable      Not Applicable      Not Applicable      Not Applicable      Not Applicable      Not Applicable      Not Applicable      Not Applicable

17. Floating Rate Note Provisions:      Applicable      Applicable      Applicable      Applicable      Applicable      Applicable      Applicable      Applicable

(a) Specified Distribution Dates:      15th of March, June, September and December in each year      15th of March, June, September and December in each year      15th of March, June, September and December in each year      15th of March, June, September and December in each year      15th of March, June, September and December in each year      15th of March, June, September and December in each year      15th of March, June, September and December in each year      15th of March, June, September and December in each year

(b) Business Day Convention:      Modified Following Business Day      Modified Following Business Day      Modified Following Business Day      Modified Following Business Day      Modified Following Business Day      Modified Following Business Day      Modified Following Business Day      Modified Following Business Day

(c) Additional Business Centre(s):      Dublin, TARGET      Dublin      Dublin, TARGET      Dublin      Dublin, TARGET      Dublin      Dublin, TARGET      Dublin, TARGET

(d) Manner in which the Rate of Interest and Interest Amount is to be determined:      Screen Rate Determination      Screen Rate Determination      Screen Rate Determination      Screen Rate Determination      Screen Rate Determination      Screen Rate Determination      Screen Rate Determination      Screen Rate Determination      Screen Rate Determination

(e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Series Principal Paying Agent):      Series Agent Bank      Series Agent Bank      Series Agent Bank      Series Agent Bank      Series Agent Bank      Series Agent Bank      Series Agent Bank      Series Agent Bank

(f) Screen Rate Determination:      3 month LIBOR or, in the case of the first Interest Period, at an annual rate obtained upon interpolation of LIBOR for 2 month Sterling deposits and LIBOR for 3 month Sterling deposits (Note LIBOR)      3 month EURIBOR or, in the case of the first Interest Period, at an annual rate obtained upon interpolation of EURIBOR for 2 month euro deposits and EURIBOR for 3 month euro deposits (Note EURIBOR)      3 month LIBOR or, in the case of the first Interest Period, at an annual rate obtained upon interpolation of LIBOR for 2 month Sterling deposits and LIBOR for 3 month Sterling deposits (Note LIBOR)      3 month EURIBOR or, in the case of the first Interest Period, at an annual rate obtained upon interpolation of EURIBOR for 2 month euro deposits and EURIBOR for 3 month euro deposits (Note EURIBOR)      3 month LIBOR or, in the case of the first Interest Period, at an annual rate obtained upon interpolation of LIBOR for 2 month Sterling deposits and LIBOR for 3 month Sterling deposits (Note LIBOR)      3 month EURIBOR or, in the case of the first Interest Period, at an annual rate obtained upon interpolation of EURIBOR for 2 month euro deposits and EURIBOR for 3 month euro deposits (Note EURIBOR)      3 month LIBOR or, in the case of the first Interest Period, at an annual rate obtained upon interpolation of LIBOR for 2 month Sterling deposits and LIBOR for 3 month Sterling deposits (Note LIBOR)      3 month EURIBOR or, in the case of the first Interest Period, at an annual rate obtained upon interpolation of EURIBOR for 2 month euro deposits and EURIBOR for 3 month euro deposits (Note EURIBOR)      3 month LIBOR or, in the case of the first Interest Period, at an annual rate obtained upon interpolation of LIBOR for 2 month Sterling deposits and LIBOR for 3 month Sterling deposits (Note LIBOR)

- Interest Determination Date      each Distribution Date and in respect of the first Distribution Period, the Issue Date      the second day on which the TARGET System is open prior to each Distribution Date and in respect of the first Distribution Period, the second day on which the TARGET System is open prior to the Issue Date      each Distribution Date and in respect of the first Distribution Period, the Issue Date      the second day on which the TARGET System is open prior to each Distribution Date and in respect of the first Distribution Period, the second day on which the TARGET System is open prior to the Issue Date      each Distribution Date and in respect of the first Distribution Period, the Issue Date      the second day on which the TARGET System is open prior to each Distribution Date and in respect of the first Distribution Period, the second day on which the TARGET System is open prior to the Issue Date      each Distribution Date and in respect of the first Distribution Period, the Issue Date      the second day on which the TARGET System is open prior to each Distribution Date and in respect of the first Distribution Period, the second day on which the TARGET System is open prior to the Issue Date

<b>Class of Notes:</b>	<b>Class A1</b>	<b>Class A2b</b>	<b>Class A3</b>	<b>Class Ba</b>	<b>Class Bb</b>	<b>Class Cb</b>	<b>Class D</b>	<b>Class E</b>
	Reuters LIBOR01	Reuters EURIBOR01	Reuters LIBOR01	Reuters LIBOR01	Reuters EURIBOR01	Reuters EURIBOR01	Reuters LIBOR01	Reuters LIBOR01
– Relevant Screen Page:								
Margin(s):	up to and including the Transfer Date in December 2008, 0.60% per annum and thereafter, the Reset Margin	0.60% per annum	1.00% per annum	1.25% per annum	1.25% per annum	1.50% per annum	3.00% per annum	4.50% per annum
(g) Minimum Rate of Interest:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(h) Maximum Rate of Interest:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(i) Day Count Fraction:	Actual/365 (Sterling)	Actual/360 (Euro)	Actual/365 (Sterling)	Actual/365 (Sterling)	Actual/360 (Euro)	Actual/360 (Euro)	Actual/365 (Sterling)	Actual/365 (Sterling)
(j) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Terms and Conditions:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
18. Zero Coupon Note Provisions:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
19. Final Redemption Amount of each Note:	Principal Amount Outstanding on Final Maturity Date	Principal Amount Outstanding on Final Maturity Date	Principal Amount Outstanding on Final Maturity Date	Principal Amount Outstanding on Final Maturity Date	Principal Amount Outstanding on Final Maturity Date	Principal Amount Outstanding on Final Maturity Date	Principal Amount Outstanding on Final Maturity Date	Principal Amount Outstanding on Final Maturity Date
20. Mandatory Redemption in part:	Applicable, Subject to the terms of Condition 9(b)	Applicable, Subject to the terms of Condition 9(b)	Applicable, Subject to the terms of Condition 9(b)	Applicable, Subject to the terms of Condition 9(b)	Applicable, Subject to the terms of Condition 9(b)	Applicable, Subject to the terms of Condition 9(b)	Applicable, Subject to the terms of Condition 9(b)	Applicable, Subject to the terms of Condition 9(b)
21. Optional Redemption:	Applicable	Applicable	Applicable	Applicable	Applicable	Applicable	Applicable	Applicable
Optional Redemption for Tax Reasons:	Applicable Subject to the terms of Condition 9(d)	Applicable Subject to the terms of Condition 9(d)	Applicable Subject to the terms of Condition 9(d)	Applicable Subject to the terms of Condition 9(d)	Applicable Subject to the terms of Condition 9(d)	Applicable Subject to the terms of Condition 9(d)	Applicable Subject to the terms of Condition 9(d)	Applicable Subject to the terms of Condition 9(d)

Class of Notes:	Class A1	Class A2b	Class A3	Class Ba	Class Bb	Class Cb	Class D	Class E
Optional Redemption (Minimum Amount Outstanding):	Applicable. Subject to the terms of Condition 9(e)(i), on any Distribution Date following the Distribution Date on which the aggregate Principal Amount Outstanding of the Notes is equal to or less than 10% of the aggregate Principal Amount Outstanding of the Notes on the Issue Date (the <b>Optional Redemption Date</b> ). For purposes of Condition 9(e)(i) the Amount means the Principal Amount Outstanding of the Notes on the redemption date together with any accrued interest.	Applicable. Subject to the terms of Condition 9(e)(i), on any Distribution Date following the Distribution Date on which the aggregate Principal Amount Outstanding of the Notes is equal to or less than 10% of the aggregate Principal Amount Outstanding of the Notes on the Issue Date (the <b>Optional Redemption Date</b> ). For purposes of Condition 9(e)(i) the Amount means the Principal Amount Outstanding of the Notes on the redemption date together with any accrued interest.	Applicable. Subject to the terms of Condition 9(e)(i), on any Distribution Date following the Distribution Date on which the aggregate Principal Amount Outstanding of the Notes is equal to or less than 10% of the aggregate Principal Amount Outstanding of the Notes on the Issue Date (the <b>Optional Redemption Date</b> ). For purposes of Condition 9(e)(i) the Amount means the Principal Amount Outstanding of the Notes on the redemption date together with any accrued interest.	Applicable. Subject to the terms of Condition 9(e)(i), on any Distribution Date following the Distribution Date on which the aggregate Principal Amount Outstanding of the Notes is equal to or less than 10% of the aggregate Principal Amount Outstanding of the Notes on the Issue Date (the <b>Optional Redemption Date</b> ). For purposes of Condition 9(e)(i) the Amount means the Principal Amount Outstanding of the Notes on the redemption date together with any accrued interest.	Applicable. Subject to the terms of Condition 9(e)(i), on any Distribution Date following the Distribution Date on which the aggregate Principal Amount Outstanding of the Notes is equal to or less than 10% of the aggregate Principal Amount Outstanding of the Notes on the Issue Date (the <b>Optional Redemption Date</b> ). For purposes of Condition 9(e)(i) the Amount means the Principal Amount Outstanding of the Notes on the redemption date together with any accrued interest.	Applicable. Subject to the terms of Condition 9(e)(i), on any Distribution Date following the Distribution Date on which the aggregate Principal Amount Outstanding of the Notes is equal to or less than 10% of the aggregate Principal Amount Outstanding of the Notes on the Issue Date (the <b>Optional Redemption Date</b> ). For purposes of Condition 9(e)(i) the Amount means the Principal Amount Outstanding of the Notes on the redemption date together with any accrued interest.	Applicable. Subject to the terms of Condition 9(e)(i), on any Distribution Date following the Distribution Date on which the aggregate Principal Amount Outstanding of the Notes is equal to or less than 10% of the aggregate Principal Amount Outstanding of the Notes on the Issue Date (the <b>Optional Redemption Date</b> ). For purposes of Condition 9(e)(i) the Amount means the Principal Amount Outstanding of the Notes on the redemption date together with any accrued interest.	Applicable. Subject to the terms of Condition 9(e)(i), on any Distribution Date following the Distribution Date on which the aggregate Principal Amount Outstanding of the Notes is equal to or less than 10% of the aggregate Principal Amount Outstanding of the Notes on the Issue Date (the <b>Optional Redemption Date</b> ). For purposes of Condition 9(e)(i) the Amount means the Principal Amount Outstanding of the Notes on the redemption date together with any accrued interest.
22. Early Repayment Amount of each Note:	For purposes of Condition 9(d) and 9(f) Early Repayment Amount means the Principal Amount Outstanding of the Notes on the redemption date together with any accrued interest.							
23. Additional Series Event of Default:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
24. Details of Credit Support Agreements (if applicable):	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
25. Credit Support Provider (if applicable):	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
26. Remarketable Notes:	Yes	No	No	No	No	No	No	No
27. Remarketing Agent:	The Royal Bank of Scotland plc	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
28. Conditional Note Purchaser:	The Royal Bank of Scotland plc	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
29. Other	An additional condition shall be applicable to the Class A1 Notes as follows: <b>Condition 9(i) Mandatory Transfer of Class A1 Notes</b> (i) The Class A1 Notes shall be transferred in accordance with (ii) below on each relevant Transfer Date prior to the occurrence of a Remarketing Termination Event (other than a Remarketing Agent Termination Event or a Series Event of Default which has occurred and is continuing as at the first day of the Remarketing Period or any subsequent date thereafter (and which has been remedied or waived on or before three Business Days prior to such Transfer Date)) (as confirmed by the Remarketing Agent by							

**Class of Notes:**      **Class A1**      **Class A2b**      **Class A3**      **Class Ba**      **Class Bb**      **Class Cb**      **Class D**      **Class E**

the provision of a confirmation to the Issuer and the Series Principal Paying Agent) in exchange for, and subject to, payment of the Transfer Price, and subject to the satisfaction of the conditions precedent set out in the Conditional Note Purchase Agreement, and the Issuer will procure payment of the Transfer Price to the holders of the Class A1 Notes on the relevant Transfer Date, provided that the Issuer shall not be liable for the failure to make payment of the Transfer Price to the extent that such failure is a result of the failure of the Remarketing Agent or the Conditional Note Purchaser to perform its obligations under the Remarketing Agreement and the Conditional Note Purchase Agreement.

(ii) Subject to (i) above, on the relevant Transfer Date the Class A1 Notes will be registered in the name of the Remarketing Agent, or as otherwise notified by or on behalf of the Remarketing Agent, by the Registrar and the register will be amended accordingly with effect from the relevant Transfer Date, without the need for the execution of any form of transfer in respect of the Class A1 Notes or any other authorisation or instruction from the holders of the Class A1 Notes.

(iii) If any Class A1 Notes cannot for any reason be transferred as contemplated above, the rights of the holders of such Class A1 Notes and the provisions of the Series Trust Deed and the Conditions shall be deemed to be amended with effect from the relevant Transfer Date and subject to payment of the Transfer Price such that the holders of the Class A1 Notes cease to be the holders of such Class A1 Notes and the Remarketing Agent (or such other person or persons as the

**Class of Notes:**      **Class A1**      **Class A2b**      **Class A3**      **Class Ba**      **Class Bb**      **Class Cb**      **Class D**      **Class E**

Remarketing Agent may specify) becomes the holder of such Remarketable Notes and the register will be amended accordingly by the Registrar with effect from the relevant Transfer Date, without the need for the execution of any form of transfer in respect of such Class A1 Notes or any other authorisation or instruction from the holders of the Class A1 Notes.

For the purposes of this additional Condition 9(j), the following terms shall have the meanings given to them:

**Transfer Price** means the Principal Amount Outstanding of such Class A1 Notes on the relevant Transfer Date (following the application of Actual Redemption Funds on that date).

**Remarketing Termination Event and Remarketing Agent Termination Event** have the meanings given to them in the Remarketing Agreement.

15 December 2008 and, if the Conditional Note Purchaser elects to extend its commitment under the Conditional Note Purchase Agreement or a replacement conditional note purchaser is appointed, 15 December 2009

Not Applicable

Not Applicable

Not Applicable

Not Applicable

Not Applicable

Not Applicable

Not applicable

Not Applicable

Not Applicable

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

31. Form of Notes: Reg S Global Class A1 Note and Rule 144A Global Class A1 Note registered in the nominee name of a Common Depository.

Reg S Global Class A2b Note and Rule 144A Global Class A2b Note registered in the nominee name of a Common Depository.

Reg S Global Class A3 Note and Rule 144A Global Class A3 Note registered in the nominee name of a Common Depository.

Reg S Global Class Ba Note and Rule 144A Global Class Ba Note registered in the nominee name of a Common Depository.

Reg S Global Class Bb Note and Rule 144A Global Class Bb Note registered in the nominee name of a Common Depository.

Reg S Global Class Cb Note and Rule 144A Global Class Cb Note registered in the nominee name of a Common Depository.

Reg S Global Class D Note and Rule 144A Global Class D Note registered in the nominee name of a Common Depository.

Reg S Global Class E Note registered in the nominee name of a Common Depository.

The Reg S Global Class A1 Note and Rule 144A Global Class A1 Note are exchangeable for Notes in definitive form only upon the occurrence of an Exchange Event.

The Reg S Global Class A2b Note and Rule 144A Global Class A2b Note are exchangeable for Notes in definitive form only upon the occurrence of an Exchange Event.

The Reg S Global Class A3 Note and Rule 144A Global Class A3 Note are exchangeable for Notes in definitive form only upon the occurrence of an Exchange Event.

The Reg S Global Class Ba Note and Rule 144A Global Class Ba Note are exchangeable for Notes in definitive form only upon the occurrence of an Exchange Event.

The Reg S Global Class Bb Note and Rule 144A Global Class Bb Note are exchangeable for Notes in definitive form only upon the occurrence of an Exchange Event.

The Reg S Global Class Cb Note and Rule 144A Global Class Cb Note are exchangeable for Notes in definitive form only upon the occurrence of an Exchange Event.

The Reg S Global Class D Note and Rule 144A Global Class D Note are exchangeable for Notes in definitive form only upon the occurrence of an Exchange Event.

The Reg S Global Class E Note is exchangeable for Notes in definitive form only upon the occurrence of an Exchange Event.

<b>Class of Notes:</b>	<b>Class A1</b>	<b>Class A2b</b>	<b>Class A3</b>	<b>Class Ba</b>	<b>Class Bb</b>	<b>Class Cb</b>	<b>Class D</b>	<b>Class E</b>
32. Additional Financial Centre(s) or other special provisions relating to Distribution Dates:	Dublin, TARGET	Dublin	Dublin, TARGET	Dublin, TARGET	Dublin	Dublin	Dublin, TARGET	Dublin, TARGET
33. Detachable Coupons:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
34. Talons for future Coupons to be attached to Notes in definitive form (and dates on which such Talons mature):	No	No	No	No	No	No	No	No
35. Redenomination applicable:	Applicable. The provisions of Condition 5 will apply	Applicable. The provisions of Condition 5 will apply	Applicable. The provisions of Condition 5 will apply	Applicable. The provisions of Condition 5 will apply	Applicable. The provisions of Condition 5 will apply	Applicable. The provisions of Condition 5 will apply	Applicable. The provisions of Condition 5 will apply	Applicable. The provisions of Condition 5 will apply
36. (a) Joint Lead Manager(s):	Merrill Lynch International, The Royal Bank of Scotland plc	Merrill Lynch International, The Royal Bank of Scotland plc	Merrill Lynch International, The Royal Bank of Scotland plc	Merrill Lynch International, The Royal Bank of Scotland plc	Merrill Lynch International, The Royal Bank of Scotland plc	Merrill Lynch International, The Royal Bank of Scotland plc	Merrill Lynch International, The Royal Bank of Scotland plc	Merrill Lynch International, The Royal Bank of Scotland plc
	Merrill Lynch International as Joint Lead Manager will sell the Notes at prices indicated herein to MLIB and MLIB reserves the right to sell any of the Notes to investors at a price different from the issue price or the price at which MLIB will purchase the Notes from Merrill Lynch International.							
(b) Stabilising Manager (if any):	Merrill Lynch International	Merrill Lynch International	Merrill Lynch International	Merrill Lynch International	Merrill Lynch International	Merrill Lynch International	Merrill Lynch International	Merrill Lynch International
37. Dealer(s):	Merrill Lynch International, The Royal Bank of Scotland plc	Merrill Lynch International, The Royal Bank of Scotland plc	Merrill Lynch International, The Royal Bank of Scotland plc	Merrill Lynch International, The Royal Bank of Scotland plc	Merrill Lynch International, The Royal Bank of Scotland plc	Merrill Lynch International, The Royal Bank of Scotland plc	Merrill Lynch International, The Royal Bank of Scotland plc	Merrill Lynch International, The Royal Bank of Scotland plc
38. Whether TEFRA D rules applicable or TEFRA D rules not applicable:	TEFRA D not applicable	TEFRA D not applicable	TEFRA D not applicable	TEFRA D not applicable	TEFRA D not applicable	TEFRA D not applicable	TEFRA D not applicable	TEFRA D not applicable
39. Additional selling restrictions:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
40. U.S. tax treatment:	Debt for U.S. federal income tax purposes subject to the considerations set forth in "United States Federal Income Taxation" in the Offering Circular	Debt for U.S. federal income tax purposes, subject to the considerations set forth in "United States Federal Income Taxation" in the Offering Circular	Debt for U.S. federal income tax purposes subject to the considerations set forth in "United States Federal Income Taxation" in the Offering Circular	Debt for U.S. federal income tax purposes subject to the considerations set forth in "United States Federal Income Taxation" in the Offering Circular	Debt for U.S. federal income tax purposes subject to the considerations set forth in "United States Federal Income Taxation" in the Offering Circular	Debt for U.S. federal income tax purposes subject to the considerations set forth in "United States Federal Income Taxation" in the Offering Circular	Debt for U.S. federal income tax purposes subject to the considerations set forth in "United States Federal Income Taxation" in the Offering Circular	Debt for U.S. federal income tax purposes subject to the considerations set forth in "United States Federal Income Taxation" in the Offering Circular
41. ERISA eligible:	Yes, subject to the considerations in "United States ERISA Considerations" in the Offering Circular	Yes, subject to the considerations in "United States ERISA Considerations" in the Offering Circular	Yes, subject to the considerations in "United States ERISA Considerations" in the Offering Circular	Yes, subject to the considerations in "United States ERISA Considerations" in the Offering Circular	Yes, subject to the considerations in "United States ERISA Considerations" in the Offering Circular	Yes, subject to the considerations in "United States ERISA Considerations" in the Offering Circular	Yes, subject to the considerations in "United States ERISA Considerations" in the Offering Circular	Yes, subject to the considerations in "United States ERISA Considerations" in the Offering Circular
42. NGN	No	No	No	No	No	No	No	No

## PART B: OTHER INFORMATION

### OPERATIONAL INFORMATION

Class of Notes:	Class A1	Class A2b	Class A3	Class Ba	Class Bb	Class Cb	Class D	Class E
43. Clearing system(s):	Euroclear Clearstream, Luxembourg	Euroclear Clearstream, Luxembourg	Euroclear Clearstream, Luxembourg	Euroclear Clearstream, Luxembourg	Euroclear Clearstream, Luxembourg	Euroclear Clearstream, Luxembourg	Euroclear Clearstream, Luxembourg	Euroclear Clearstream, Luxembourg
44. Intended to be held in a manner which would allow Eurosystem eligibility	No	No	No	No	No	No	No	No
Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as Common Safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.								
45. ISIN Codes:	Reg S Class A1 Notes: XS0329651995 Rule 144A Class A1 Notes: XS0335975172	Reg S Class A2b Notes: XS0329656101 Rule 144A Class A2b Notes: XS0335983432	Reg S Class A3 Notes: XS0332288058 Rule 144A Class A3 Notes: XS0335975842	Reg S Class Ba Notes: XS03296653934 Rule 144A Class Ba Notes: XS0335976063	Reg S Class Bb Notes: XS0329665366 Rule 144 Class Bb Notes: XS0335992003	Reg S Class Cb Notes: XS0329665623 Rule 144A Class Cb Notes: XS0335995444	Reg S Class D Notes: XS03296654312 Rule 144A Class D Notes: XS0335976576	Reg S Class E Notes: XS0329665129
46. Common Codes:	Reg S Class A1 Notes: 32965199 Rule 144A Class A1 Notes: 033597517	Reg S Class A2b Notes: 032965610 Rule 144A Class A2b Notes: 033598343	Reg S Class A3 Notes: 033228805 Rule 144A Class A3 Notes: 033597584	Reg S Class Bb Notes: 0329665393 Rule 144A Class Bb Notes: 033597606	Reg S Class Bb Notes: 032966536 Rule 144A Class Bb Notes: 033599200	Reg S Class Cb Notes: 032966562 Rule 144A Class Cb Notes: 033599544	Reg S Class D Notes: 0329665431 Rule 144A Class D Notes: 033597657	Reg S Class E Notes: 032966512
47. Delivery:	Delivery against payment	Delivery against payment	Delivery against payment	Delivery against payment	Delivery against payment	Delivery against payment	Delivery against payment	Delivery against payment
48. Names and addresses of additional Series Paying Agent(s) (if any):	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
49. Governing Law:	English Law	English Law	English Law	English Law	English Law	English Law	English Law	English Law
50. Note Notices Newspaper:	Pursuant to Condition 19	Pursuant to Condition 19	Pursuant to Condition 19	Pursuant to Condition 19	Pursuant to Condition 19	Pursuant to Condition 19	Pursuant to Condition 19	Pursuant to Condition 19





**ANNEX 3**  
**INVESTOR PRESENTATION**

The Investor Presentation attached hereto is dated as of 4 December 2007.

Investors should note that the assumptions referred to in the footnotes on slides 30 and 31 of the Investor Presentation attached at Annex 3 are the same as the assumptions in section “*Weighted Average Lives, Principal Payment Dates And Expected Maturity Dates Of The Notes And Breakeven CDR-Cumulative Loss*” in this Supplement and thus references to section “*Weighted Average Lives, Principal Payment Dates And Expected Maturity Dates Of The Notes And Breakeven CDR-Cumulative Loss in the Preliminary Supplement*” in slides 30 and 31 of the Investor Presentation should be read as “Supplement” for these purposes, with the exception that assumption (o) in this Supplement should be read for these purposes as referring to a weighted average spread on the Notes being at 0.84 per cent. over Note LIBOR (and also not taking into account for these purposes the costs associated with the entering into or the performance of any currency swap transactions).”

# **mortgagespic**

**Newgate Funding PLC  
Mortgage Backed Securities Programme**

**Series 2007-3  
£[850]m equivalent**

**Revised Investor Presentation – December 2007**

## **Newgate Funding Series 2007-3**

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## Disclaimer

This investor presentation has been prepared by Mortgages plc (the "Originator") on behalf of Newgate Funding Plc (the "Issuer") and is distributed by Merrill Lynch International and The Royal Bank of Scotland plc (together the "Joint Lead Managers") upon the express understanding that no information contained herein has been independently verified by the Joint Lead Managers. The Joint Lead Managers make no representation or warranty (express or implied) of any nature nor is any responsibility or liability of any kind accepted with respect to the truthfulness, completeness or accuracy of any information, projection, representation or warranty (expressed or implied) or omissions in this presentation and nothing in this presentation shall be deemed to constitute such a representation or warranty or to constitute a recommendation to any person to acquire any securities.

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The merits or suitability of the Transaction and the Notes described in this investor presentation to any investor's particular situation should be independently determined by each investor. Any such determination should involve an assessment of the legal, tax, accounting, regulatory, financial, credit and other related aspects of the Transaction or the Notes. In particular, the Joint Lead Managers do not owe any duty to any person who receives this investor presentation to exercise any judgment on such person's behalf as to the merits or suitability of the Notes or the Transaction. The Issuer, the Joint Lead Managers and their respective affiliates, agents, directors, partners and employees accept no liability whatsoever for any loss or damage howsoever arising from any use of this investor presentation or its contents or otherwise arising in connection therewith. Investors should consult with such advisors as it deems necessary to assist in making these determinations. The Joint Lead Managers will not act as the investor's adviser or owe any fiduciary duties to the investor in connection with this and/or any related transaction and no reliance may be placed on the Joint Lead Managers for investment advice or recommendations of any sort.

No person is authorised to give any information or to make any representation not contained in and not consistent with this investor presentation, the preliminary offering circular or the final offering circular and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer or the Joint Lead Managers.

The Joint Lead Managers and each of its affiliates may, from time to time, effect or have effected an own account transaction in, or make a market or deal as principal in or for the Notes.

This investor presentation is confidential and is being submitted to selected recipients only. It may not be reproduced, redistributed or passed on (in whole or in part) to any other person without the prior written consent of the Joint Lead Managers.

The Joint Lead Managers are acting for the Issuer and nobody else in connection with the Transaction and will not be responsible to any person other than the Issuer for providing the protections afforded to clients of the Joint Lead Managers or for providing advice in relation to the Transaction.

The Notes have not been and are not expected to be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state of the United States. The Notes may be offered and sold outside the United States to non-U.S. persons pursuant to the requirements of Regulation S under the Securities Act or within the United States in reliance on Rule 144A under the Securities Act to qualified institutional buyers as defined therein.

This investor presentation is for distribution only to persons who (i) have professional experience in matters relating to investments or (ii) are persons falling within Article 49(2)(a) to (e) ("high net worth companies unincorporated associations etc.") of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (all such persons together being referred to as "relevant persons"). This investor presentation is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons.

All applicable provisions of the Financial Services and Markets Act 2000 (the "FSMA") in relation to the Notes in, from or otherwise involving the United Kingdom will be complied with, and all communications of any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) will be made in connection with the issue or sale of any Notes in circumstances in which section 21(1) of FSMA does not apply to the Issuer.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date"), no offer of Notes to the public in that Relevant Member State will be made prior to the publication of a prospectus in relation to the Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that, with effect from and including the Relevant Implementation Date, an offer of Notes may be made to the public in that Relevant Member State at any time: (a) to legal entities which are authorised or regulated to operate in the financial markets or; if not so authorised or regulated, whose corporate purpose is solely to invest in securities; (b) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43,000,000 and (iii) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or (c) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive. For the purposes of this paragraph, the expression an "offer of Notes to the public" in relation to any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Merrill Lynch International and The Royal Bank of Scotland plc are authorised and regulated by the Financial Services Authority's

## **Executive Summary**

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## **Newgate Funding Series 2007-3**

### **Sixth Series from Mortgages plc's Newgate Funding Programme**

- Newgate Funding Series 2007-3 is Mortgages plc's 13<sup>th</sup> securitisation of non-conforming UK mortgages
- Key features of Newgate Funding Series 2007-3 include:
  - [57.08]% of the preliminary portfolio consists of Near Prime loans
  - Portfolio at launch will have no loans which have an arrears balance equal to or greater than 1 monthly instalment
  - The Class A1 Notes may be offered as remarketable notes or term notes, depending on investor demand
  - The Class A1 and A2 Notes are senior to the Class A3 junior 'AAA' Notes
  - Static portfolio (no pre-funding and no replenishment feature)
  - Reserve fund and discount reserve fully funded at launch
  - Fixed / £Libor hedging via a balance guaranteed interest rate swap and discount reserve
  - Two interest rate caps hedging against high interest rate scenarios
  - Spread cap to provide additional revenue in the event that re-marketing results in the margin on the Class A1 Notes to be greater than that on the Closing Date
  - Pricing CPR – 10% in year 1, 20% in year 2 and 40% thereafter
- The first 5 transactions of Mortgages plc have been called with all investors being paid in full and on time
- Fitch, Moody's and S&P have together upgraded selected tranches in Mortgages plc's first 7 securitisation transactions and there have been no downgrades to date on any of Mortgages plc's transactions
- Mortgages plc is a wholly owned subsidiary of Merrill Lynch, fully integrated in its credit and compliance structure
- Mortgages plc publishes regular investor and collateral reports, which are posted on Bloomberg under the relevant transaction, as well as on the ABN AMRO Trustee website [www.etrustee.net](http://www.etrustee.net)

## Newgate Funding Series 2007-3

### Capital Structure

- The following notes will be offered by Newgate Funding 2007-3

Class	Rating [ S & P / M / F ]	Class Size	% of Transaction Size	Credit Enhancement (incl. Reserve Fund)	Currency Offered	WA Life <sup>(2)</sup>	Benchmark Index	Payment Windows <sup>(2)</sup>
A1 <sup>(1)</sup>	[A1+/P-/F1+] [AAA/Aaa/AAA]	£[300,000,000]	[35.29%]	[33.98%]	[GBP / USD / EUR]	[0.87]	[3m £ LIBOR / EURIBOR / USD LIBOR]	[Mar 08 - Dec 08]
A2	[AAA/Aaa/AAA]	£[285,000,000]	[33.53%]	[33.98%]	[GBP / USD / EUR]	[3.89]	[3m £ LIBOR / EURIBOR / USD LIBOR]	[Mar 10 - Mar 14]
A3 <sup>(3)</sup>	[AAA/Aaa/AAA]	£[148,100,000]	[17.42%]	[16.55%]	[GBP / USD / EUR]	[4.04]	[3m £ LIBOR / EURIBOR / USD LIBOR]	[Jun 10 - Mar 14]
B	[AA/Aa2/AA-]	£[61,200,000]	[7.20%]	[9.35%]	[GBP / USD / EUR]	[4.04]	[3m £ LIBOR / EURIBOR / USD LIBOR]	[Jun 10 - Mar 14]
C	[A/A3/A-]	£[31,450,000]	[3.70%]	[5.65%]	[GBP / USD / EUR]	[4.04]	[3m £ LIBOR / EURIBOR / USD LIBOR]	[Jun 10 - Mar 14]
D	[BBB/Baa3/BBB+]	£[12,750,000]	[1.50%]	[4.45%]	[GBP / USD / EUR]	[4.04]	[3m £ LIBOR / EURIBOR / USD LIBOR]	[Jun 10 - Mar 14]
E	[BBB-/Ba3/BBB-]	£[11,500,000]	[1.35%]	[2.80%]	[GBP]	[4.04]	[3m £ LIBOR]	[Jun 10 - Mar 14]

(1) The Class A1 Notes may be offered as remarketable notes or term notes, depending on investor demand

(2) Weighted Average Life ("WAL") and Expected Maturity calculations assume a Closing Date of [18 December 2007]; zero losses or delinquencies; 10% CPR in year 1, 20% CPR in year 2 and 40% CPR thereafter; day count basis of 30/360; and a 10% clean up call WAL of Class A1 Remarketable Note is based on the occurrence, on the Transfer Date, of either (a) successful remarketing of the Class A1 Remarketable Notes, or (b) the purchase of the Class A1 Remarketable Notes by the Conditional Note Purchaser For the Class A1 Remarketable Notes, if not successfully re-marketed on the Transfer Date or purchased by the Conditional Note Purchaser, they will have an original WAL of [1.40] years and expected final maturity of [15 Mar 2010]

(3) The Class A3 Notes are subordinated to the Class A1 and A2 Notes

- The legal final maturity of the Notes is [15 Dec 2050]

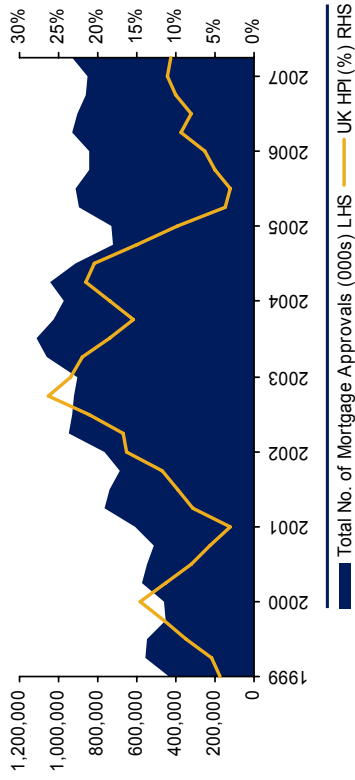


## **UK Non-Conforming Market**

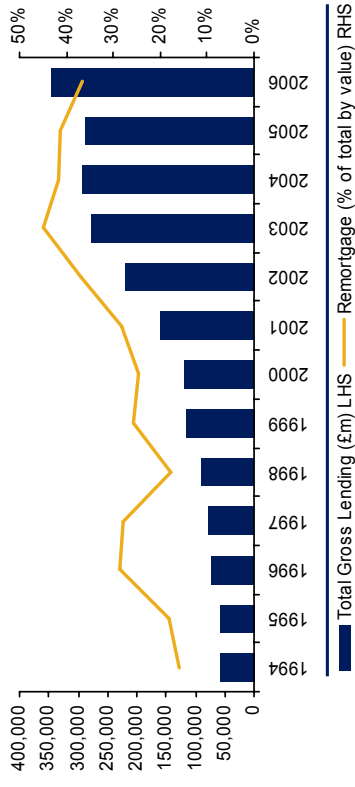
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## UK Non-Conforming Market

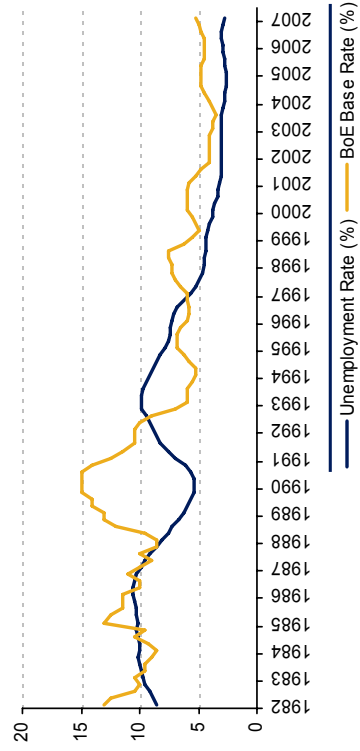
### Property Transactions and House Prices<sup>(1)</sup>



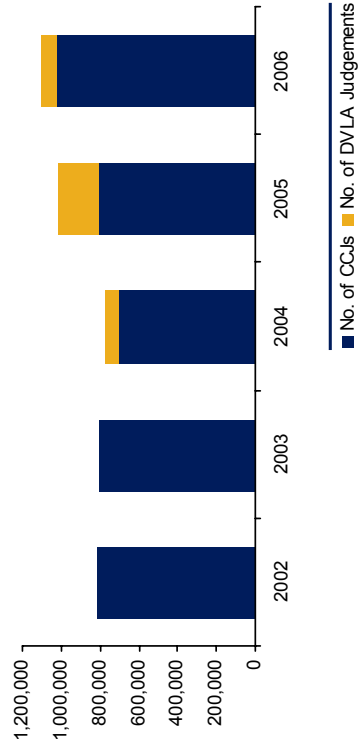
### Gross Lending & Remortgages<sup>(2)</sup>



### Unemployment and Interest Rates<sup>(3)</sup>



### County Court and DVLA Judgements<sup>(4)</sup>



(1) Source: Council of Mortgage Lenders Table HPI, MM3

(2) Source: Council of Mortgage Lenders Table ML1

(3) Source: Council of Mortgage Lenders Table EL, IR1

(4) Source: Registry Trust Ltd 2006 Annual Statistics Table 1 and 4

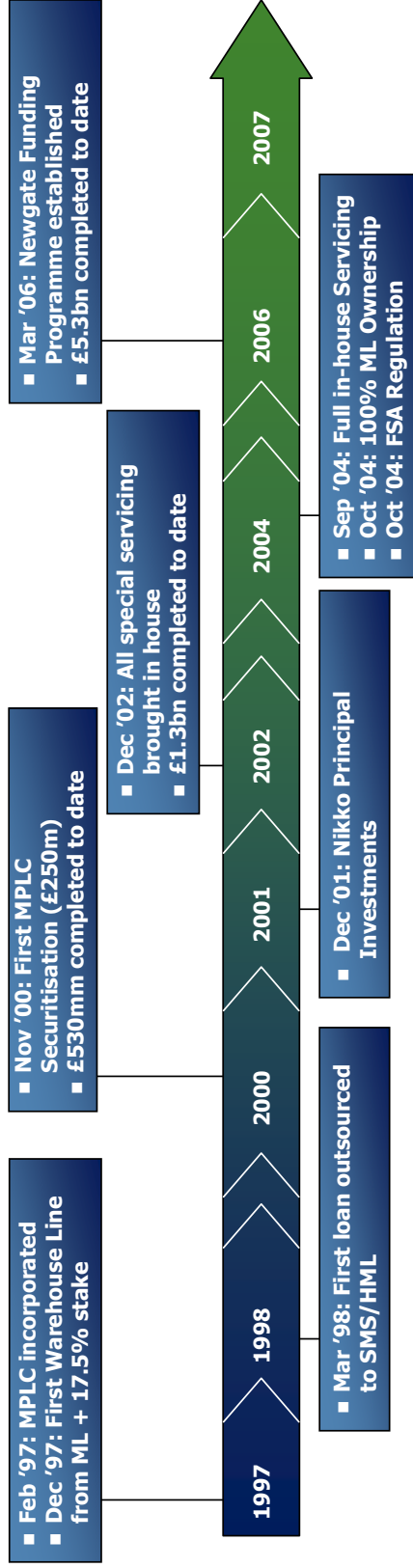
**mortgagesplc**

## **Mortgages plc Origination, Underwriting and Servicing**

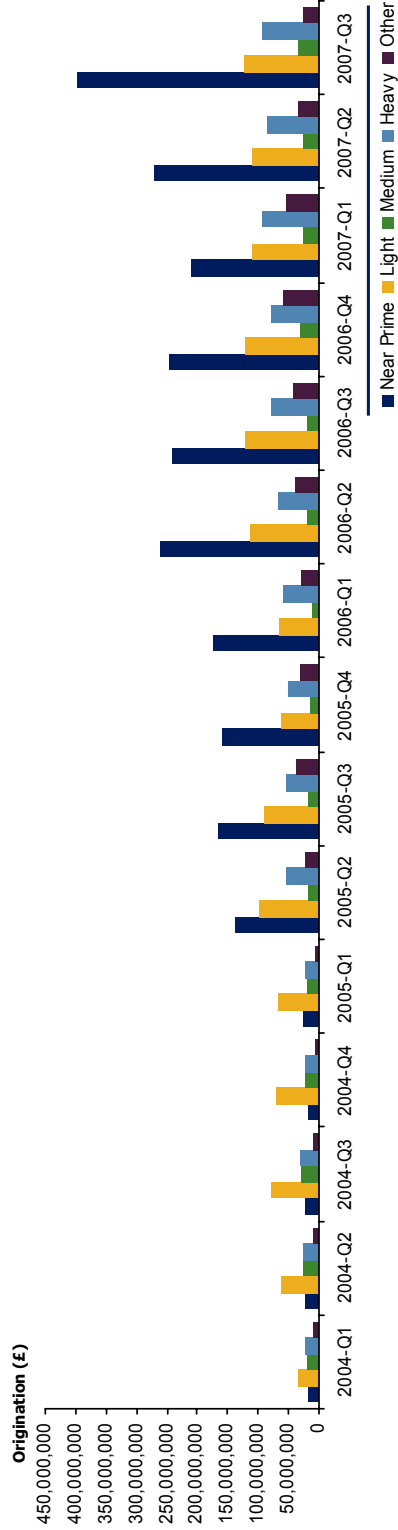
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# Mortgages plc Overview

## A Non-Conforming Lender with over 10 Years of Experience



## Product Completions Per Quarter<sup>(1)</sup>

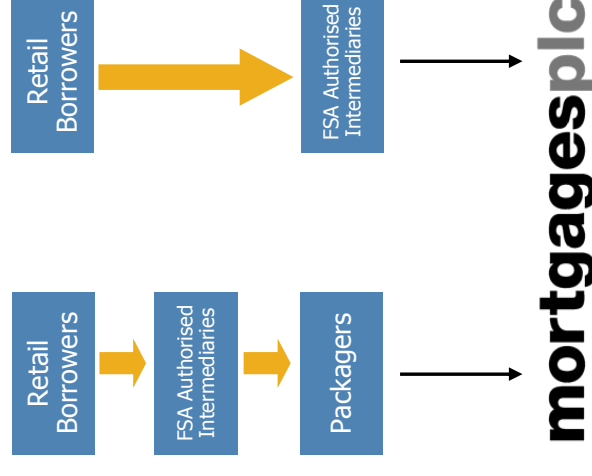


(1) Near Prime – includes Near Prime & Near Prime Plus  
 Light – includes Light & Super Light  
 Heavy – includes Heavy, Fast Track & Fast Track Express  
 Other – includes BTL, RTB and Standard

# Mortgages plc Origination & Underwriting

## Distribution

- Mortgages plc uses a panel of approximately 120 packagers<sup>(1)</sup>. The packager panel is regularly reviewed
- Mortgages plc has constantly sought to diversify its introducer base:
  - Mortgages plc's target is to source 50% of completions from its packagers, and 50% directly via brokers<sup>(1)</sup>
  - Mortgages plc maintains an internal database with the names of packagers, brokers, accountants and solicitors that have submitted or been involved in cases where fraud is suspected or proven. Each new case is checked against this list to ensure that it is not processed from such a source. These cases are logged with the external fraud prevention system
- Following the introduction of the online 'On Demand' platform in February 2006, Mortgages plc now receives approximately 30% of applications electronically<sup>(1)</sup>
- Intermediary commissions are paid in different fee scales per distribution channel, broker direct are paid less than packaged as they undertake a certain level of administration on our behalf. Fees are then subdivided between asset categories and traditionally the higher up in the credit curve, the smaller the fee



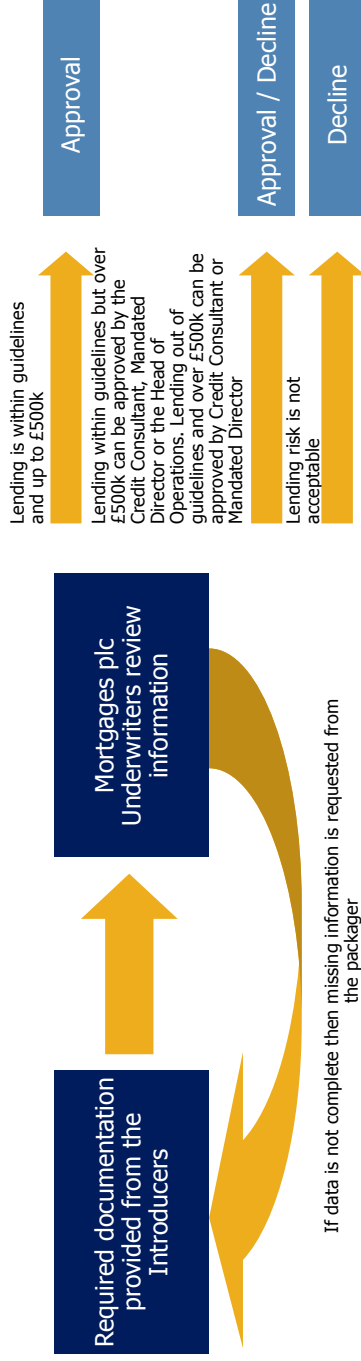
**Intermediaries / Brokers in the UK are regulated by the Financial Services Authority ("FSA")**

<sup>(1)</sup> Source: Mortgages plc

# Mortgages plc Origination & Underwriting

## Loan Approvals and Underwriting

- Mortgages plc is responsible for underwriting 100% of the loans in the provisional Newgate Funding 2007-3 mortgage pool



- Full physical valuations are done on 100% of new applications by an approved panel surveyor
  - Second audit valuations are performed for approx. 10% of all cases and for all properties valued over £500K
  - AVMs are only used to support some physical valuations (and in the arrears management process)
- 10% of underwriting decisions are audited

## Mortgages plc Servicing

### Affordability Based Lending

- MPLC implemented underwriting based on affordability in 2006
- Affordability based underwriting is based on disposable income as opposed to an income multiple. Disposable income takes into account cash outflows such as:
  - Fixed and regular outgoings, interest rate stresses, cost of living and dependents
  - Background factors such as tax and National Insurance
- Affordability based underwriting is available for full status and self cert borrowers
- The calculator provides an indication of maximum serviceable mortgage after taking account of visible inputs that include revert interest rate, mortgage term, gross income, fixed outgoings and number of dependants. The calculator then applies current tax rates and a minimum cost of living reversion to arrive at the indicative borrowing potential

**Gross Income**  
**Less Tax & National Insurance**  
**Less Household expenses (Department of Trade & Industry statistics)**  
**Less Outgoings (verified via credit reference agencies)**  
**Less New mortgage payment (always principal & interest based on reversion rate + 1%)**  
**Remaining Income**  
**If remaining income >£50 on a monthly basis, then the loan passes the affordability test**

## Mortgages plc Servicing

### Overview of Collections Management

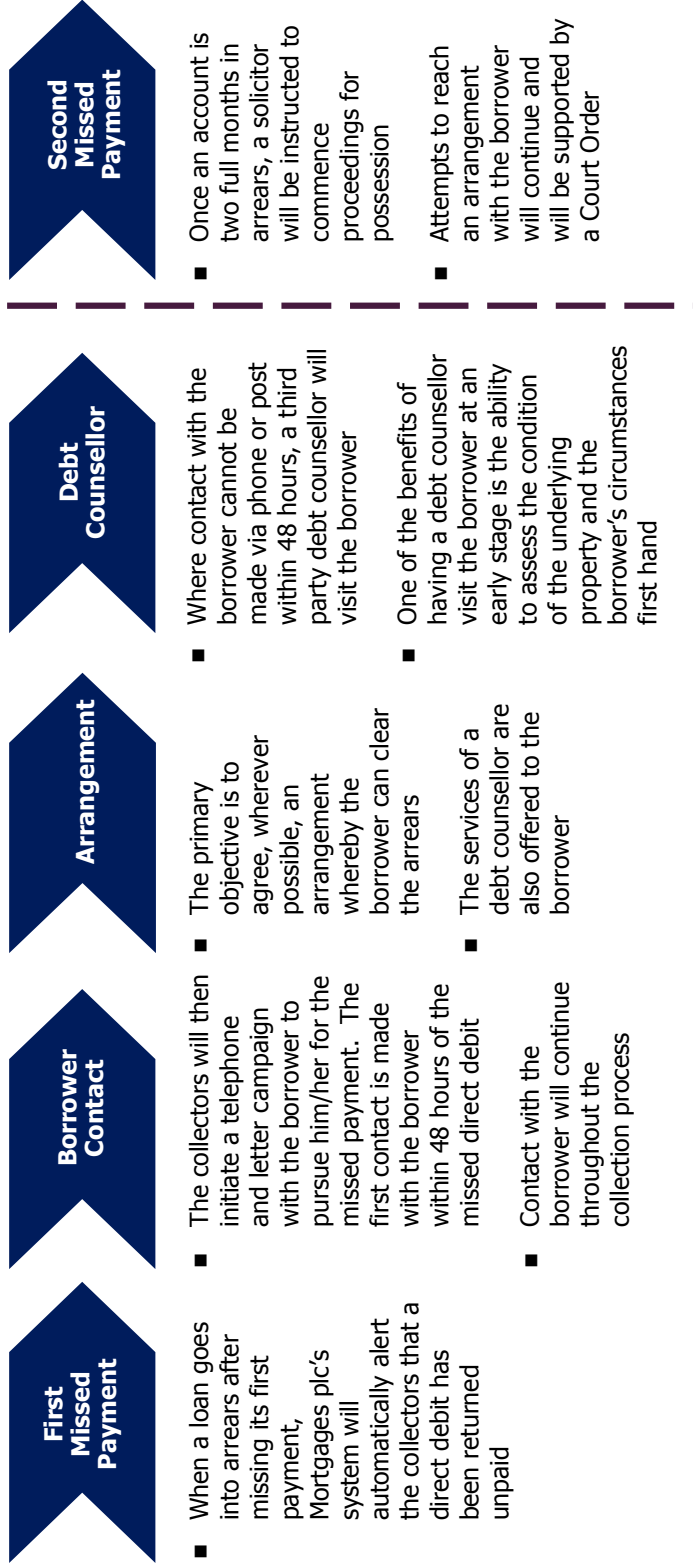
- Following the implementation of the Attentiv Mortgage Processing system, which is used by 40% of the UK Building Societies (excludes banks) and 25% of residential mortgage lending in the UK (includes all lenders)
- Previously Mortgages plc outsourced the loan administration of its mortgage portfolio to Specialist Mortgage Services Limited (SMS)
- Homeloan Management Limited (HML) acts as the standby servicer on all securitised pools of Mortgages Plc to date
- Mortgages plc's own Collections Department is based in Glasgow and has responsibility for:
  - All arrears collection activity including repossession cases
  - Arranging payment plans with borrowers to cure arrears
  - Monitoring of the litigation process
- Mortgages plc's arrears procedures are governed by a detailed arrears manual that specifies the appropriate actions that are to be taken at each stage of collection
- Recent developments in the Collections process include the introduction of AVMs/Drive-By valuations earlier in the arrears process to identify potential problem areas
- Mortgages plc is currently in a consultation period that may result in a number of employees predominantly employed in the mortgage origination side of the business being made redundant. The customer services and collection areas of Mortgages plc are not affected by this consultation period



# Mortgages plc Servicing

## Collections Management Process

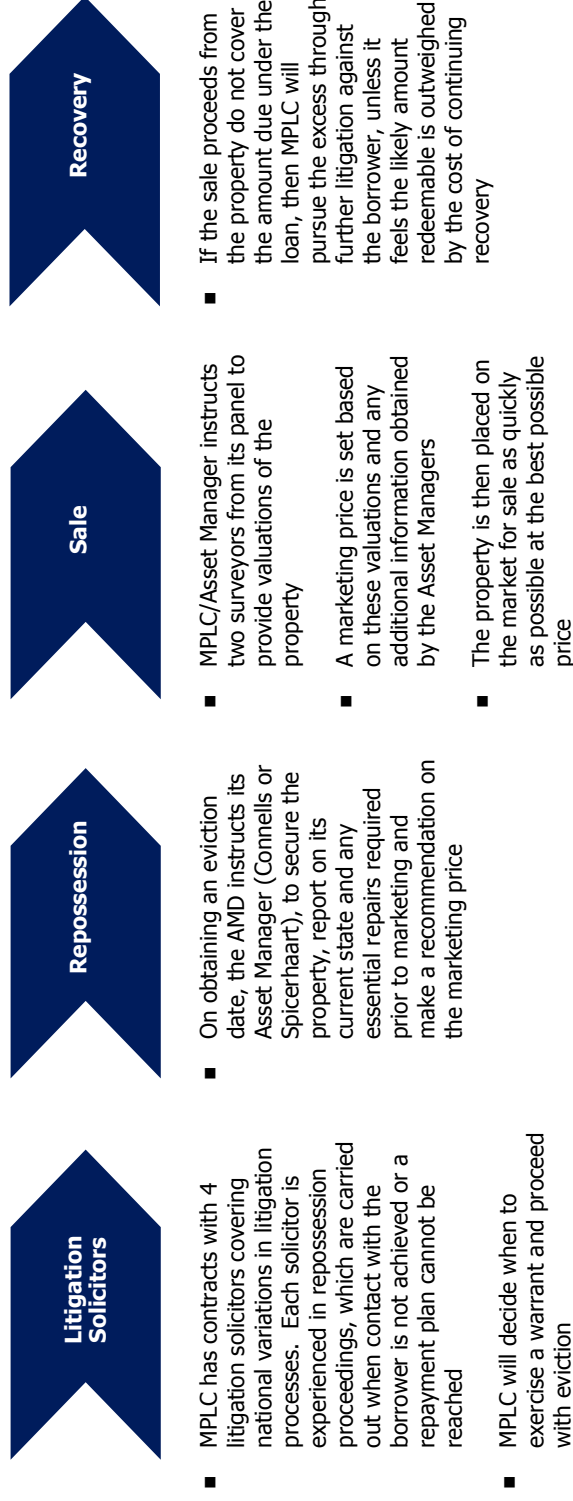
- Mortgages plc collects payments in advance, which allows for pro-active arrears management



First month arrears

# Mortgages plc Servicing

## Collections Management Process



**Average Time from Arrears to litigation – 3-6 months;** <sup>(1)</sup>  
**Average Time from Litigation to repossession – 6-9 months;** <sup>(1)</sup>  
**Average Time from Repossession to sale – 3-6 months;** <sup>(1)</sup>  
**Average of 12-18 months from the moment the loan goes into first arrears until final repossession**

<sup>(1)</sup> Source: MPLC

**mortgagesplc**

## **Mortgages plc Historical Portfolio Performance**

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## **MPLC Historical Portfolio Performance**

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### **Summary / Overview / Table of Contents Page**

- This section, sets out the historical performance of Mortgages Plc's securitised pools as well as the performance of its whole book on a per-product basis
  - 1) MPLC's Past Transactions Rating Upgrades
  - 2) Historical Total Repayments in the Securitised Pools
  - 3) Arrears Performance in the Securitised Pools
  - 4) Unsold Repossessions in the MPLC Programme
  - 5) Cumulative Losses in the Securitised Pools
  - 6) Defaults & Losses on the Securitised Pools
  - 7) 2005 and 2006 Static Pool Arrears per product type

# MPLC Historical Portfolio Performance

## MPLC's Past Transactions Rating Upgrades

Transaction	Class	Previous Rating	New Rating	Date
<b>Fitch</b>				
MPLC 7	B	AA	AA+	Jul-07
MPLC 7	C	A	A+	Jul-07
MPLC 7	D	BBB	BBB+	Jul-07
MPLC 7	E	BB	BB+	Jul-07
MPLC 6	B	AA	AA+	Jul-07
MPLC 6	C	A	A+	Jul-07
MPLC 6	D	BBB	BBB+	Oct-06
MPLC 5	M	AA	AAA	Oct-06
MPLC 5	B1	A	AA	Oct-06
MPLC 5	B2	A	AA	Oct-06
MPLC2	M	AA-	AAA	Dec-03
MPLC1	B	BBB+	A-	Dec-03
MPLC2	B	BBB	A-	Dec-03
MPLC1	M	A+	AAA	Apr-03
<b>S&amp;P</b>				
MPLC 5	M	AA	AA+	Apr-06
MPLC 5	B1	A	AA-	Apr-06
MPLC 5	B2	A	AA-	Apr-06
MPLC 4	M1	AA-	AA+	Jul-05
MPLC 4	M2	AA-	AA+	Jul-05
MPLC 4	B1	BBB	A	Jul-05
MPLC 4	B2	BBB	A	Jul-05
MPLC3	M	AA-	AAA	Mar-04
MPLC3	B	BBB	AA	Mar-04
MPLC1	M	A	AAA	Oct-03
<b>Moody's</b>				
MPLC4	M1	Aa3	Aa1	May-05
MPLC4	M2	Aa3	Aa1	May-05
MPLC4	B1	Baa2	Baa1	May-05
MPLC4	B2	Baa2	Baa1	May-05

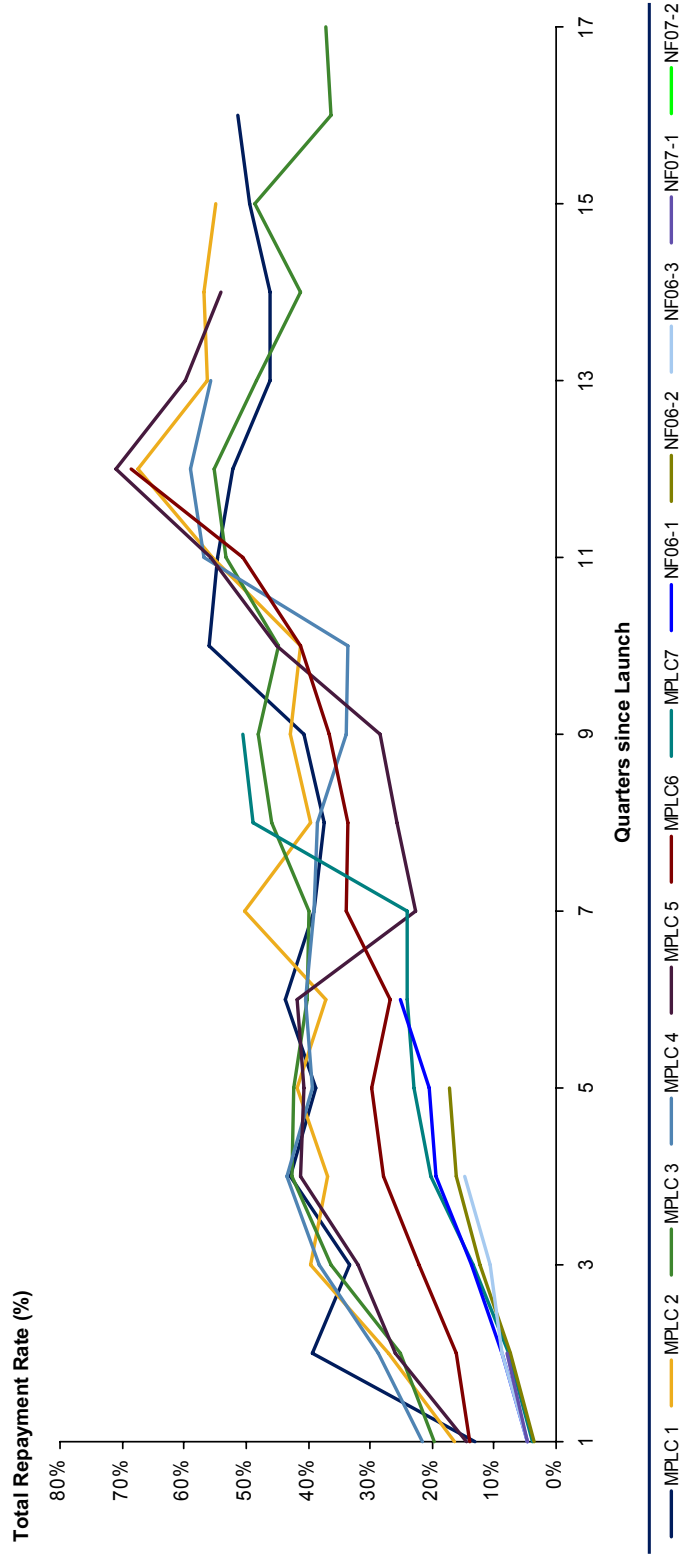
- Rating Increase by one notch
- Rating Increase by two notches
- Rating Increase by three or more notches

- Fitch, S&P and Moody's have upgraded Notes from 7 of Mortgages plc's securitisations, most recently in July 2007
- There have been no downgrades to date

## MPLC Historical Portfolio Performance

### Historical Total Repayments on MPLC Programme

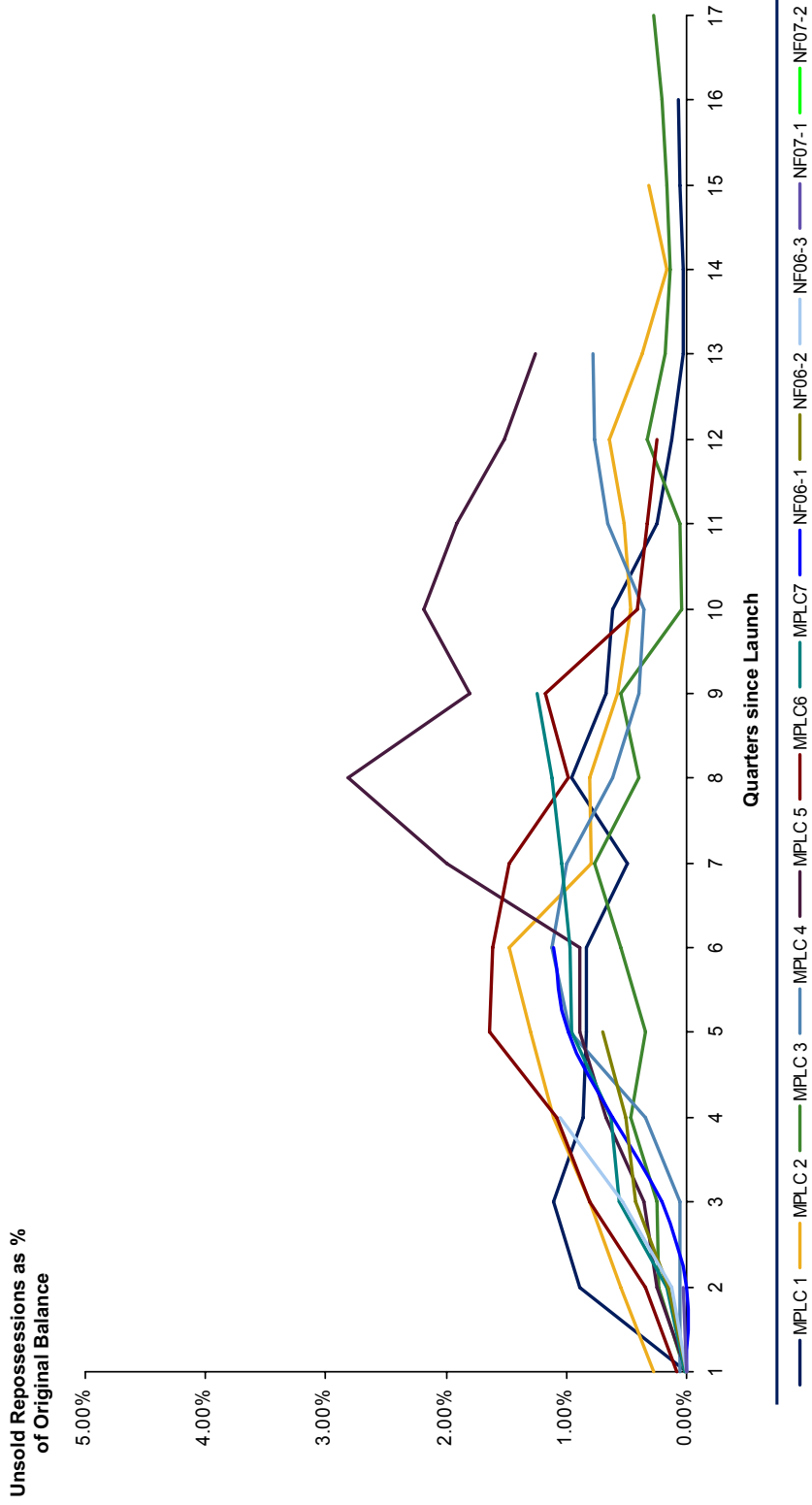
- Mortgages No. 1 was redeemed in full in July 2004
- Mortgages No. 2 was redeemed in full in November 2004
- Mortgages No. 3 and 4 were redeemed in full in May 2006
- Mortgages No. 5 was redeemed in full in December 2006



Source: Mortgages PLC (7 November 2007)

# MPLC Historical Portfolio Performance

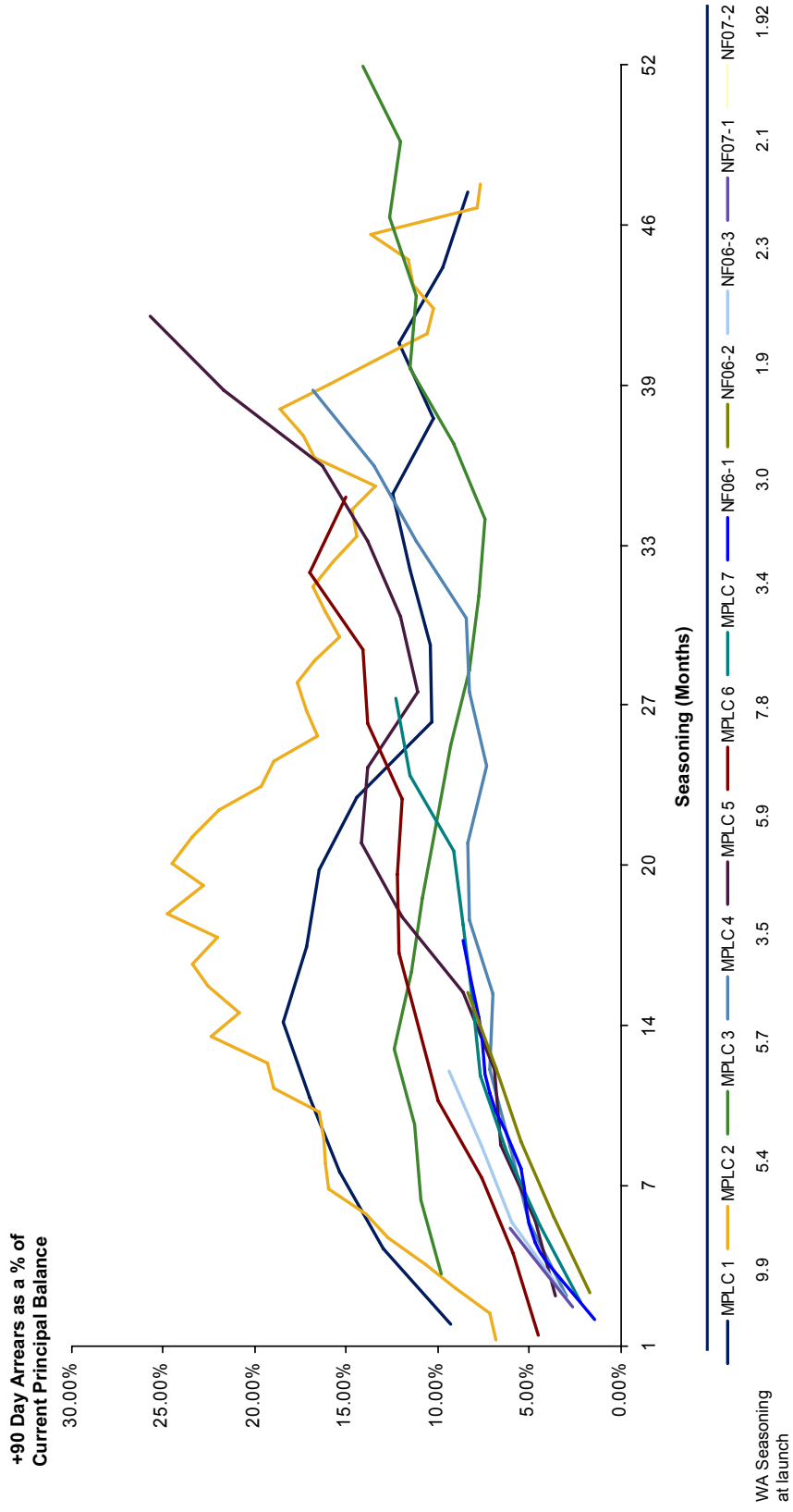
## Unsold Repossessions in the MPLC Programme



Source: Mortgages PLC (7 November 2007)

# MPLC Historical Portfolio Performance

## Arrears Performance in the MPLC Programme

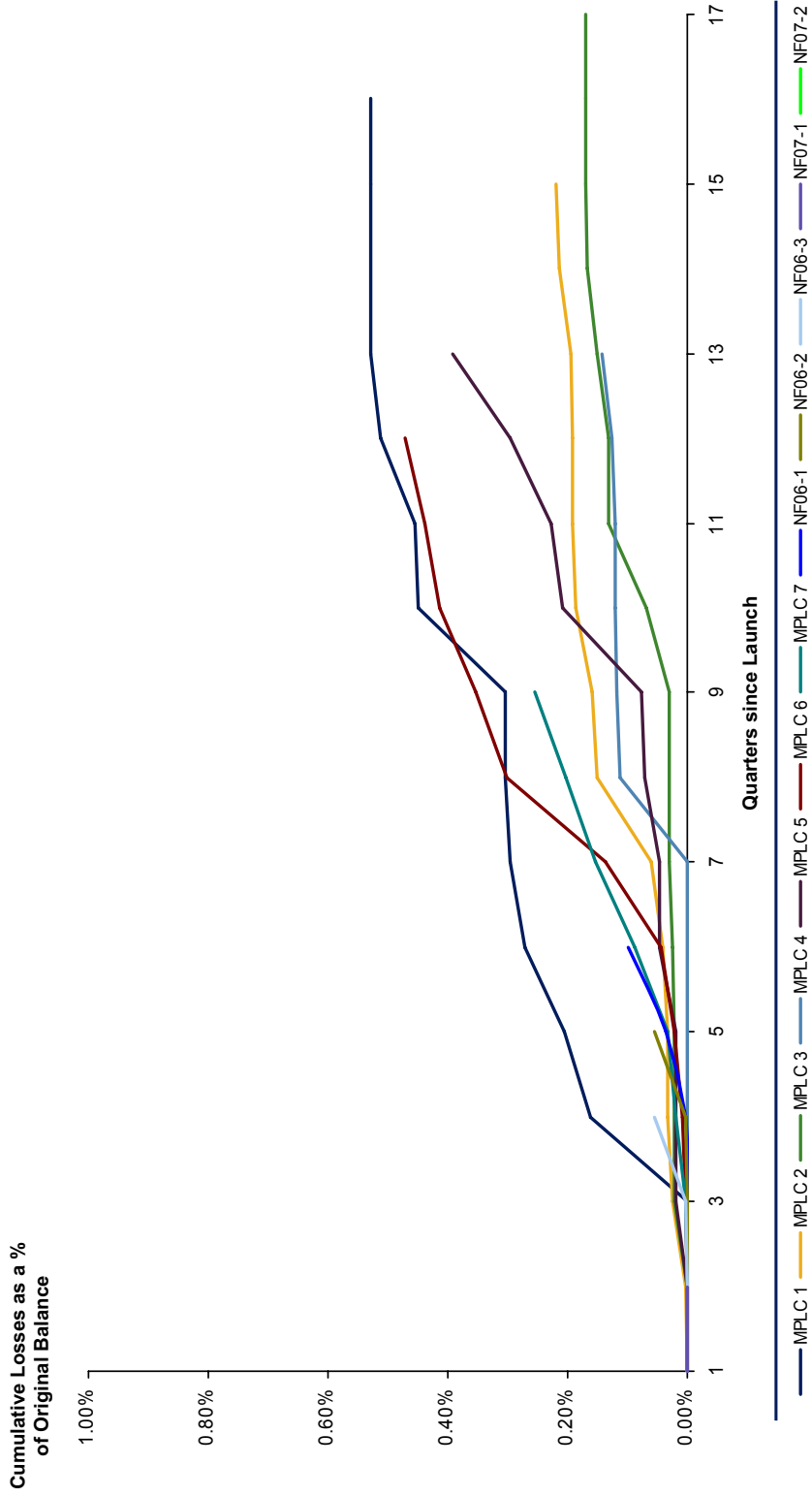


Source: Mortgages PLC (7 November 2007)



# MPLC Historical Portfolio Performance

## Cumulative Losses in the MPLC Programme



Source: Mortgages PLC (7 November 2007)  
Includes repossession and redemption losses

# MPLC Historical Portfolio Performance

## Defaults & Losses on the MPLC RMBS Programme

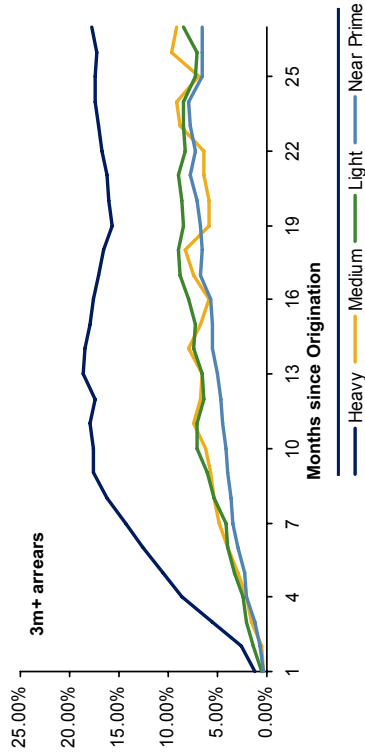
Issuance Date Transaction <sup>(1)</sup>	Sep-07 NF 2007-2	Mar-07 NF 2007-1	Nov-06 NF 2006-3	Jun-06 NF 2006-2	Mar-06 NF 2006-1	Aug-05 MPLC 7	Nov-04 MPLC 6	Jun-03 MPLC 5	Nov-02 MPLC 4	Nov-01 MPLC 3	Nov-00 MPLC 2	May-00 MPLC 1
Initial Deal Size	£450,000,000	£575,000,000	£650,000,000	£500,000,000	£575,000,000	£750,000,000	£590,000,000	£250,000,000	£250,000,000	£320,000,000	£220,000,000	£178,000,000
Closing Date	13-Jun-07	15-Mar-07	02-Nov-06	29-Jun-06	30-Mar-06	08-Aug-05	07-Dec-04	8-Jul-03	29-Nov-02	27-Nov-01	15-Nov-00	16-May-00
Interest Payment Date	Sep-07	Sep-07	Nov-07	Oct-07	Sep-07	Oct-07	Oct-07	Sep-06	Feb-06	Feb-06	Aug-04	Apr-04
Balance of Loans ever taken into Repossession	£0	£166,497	£8,835,653	£6,563,100	£11,700,373	£31,501,102	£31,169,559	£13,804,231	£8,304,943	£10,770,252	£9,862,431	£6,897,731
% Loans taken into Repossession	0.00%	0.03%	1.36%	1.32%	2.03%	4.2%	5.28%	5.52%	3.32%	3.37%	4.48%	3.88%
Unsold Repossessions (% of Initial Deal Size)	0.00%	0.03%	1.06%	0.70%	1.11%	1.24%	0.25%	1.26%	0.78%	0.28%	0%	0.07%
Unsold Balance	£0	£166,497	£6,868,901	£3,475,030	£6,394,620	£9,323,994	£1,485,896	£3,137,939	£1,957,292	£911,817	£683,127.01	£124,742.38
Sold Balance	£0	£0	£1,966,751	£3,108,070	£5,305,753	£22,177,108	£29,683,662	£10,666,292	£6,347,650	£9,658,435	£9,179,304	£6,772,971
Cumulative Loss <sup>(2)</sup>	£0	£0	£348,675	£245,687	£554,067	£1,893,861	£2,700,015	£976,617	£356,453	£548,505	£482,691	£940,272
Loss Severity	0	0	17.73%	7.90%	10.44%	8.54%	9.10%	9.16%	5.62%	5.56%	5.26%	13.88%
Total Realized Loss as % of Original Pool <sup>(2)</sup>	0.000%	0.000%	0.054%	0.049%	0.096%	0.25%	0.46%	0.39%	0.14%	0.17%	0.219%	0.53%
Fully Redeemed								Dec-06	May-06	May-06	Nov-04	Jul-04

- Mortgages No. 1 to 5 have been called with all investors repaid in full
- Weighted Average Loss Severity stands at 7.98% through the MPLC and Newgate programmes

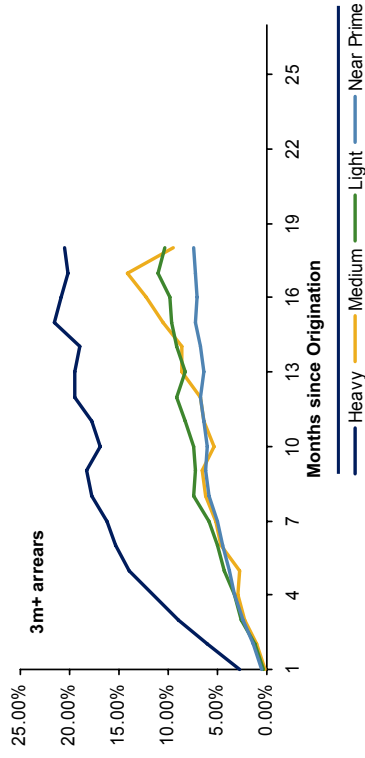
(1) Source: MPLC investor reports as at respective Interest Payment Dates, Bloomberg  
(2) Includes only repossession losses

# MPLC Historical Portfolio Performance

## 2005 Static Pool Arrears



## 2006 Static Pool Arrears

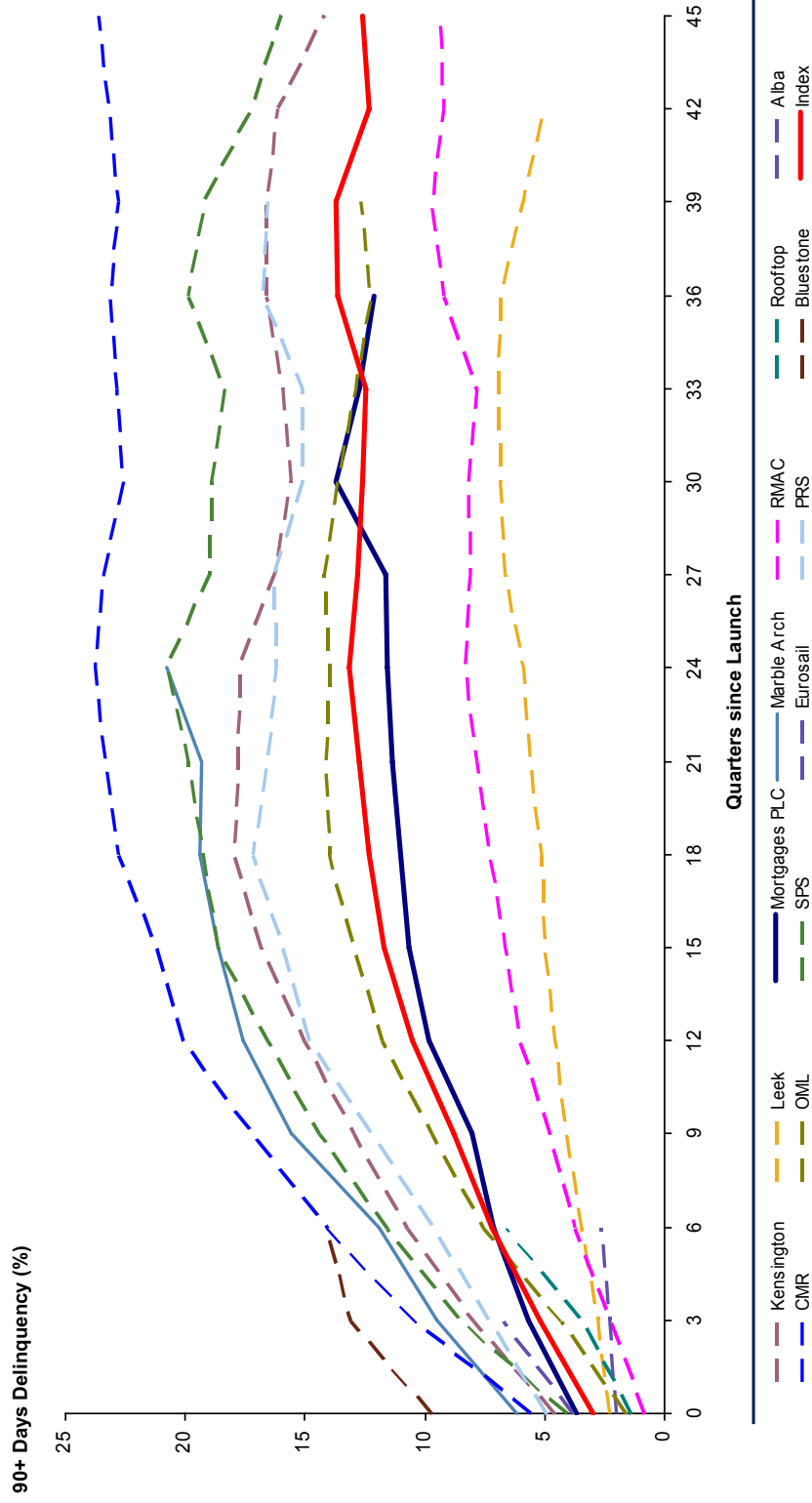


- Near Prime products were first introduced by Mortgages plc in 2004

Graphs show +3month arrears as a % of original advance  
 Source: Mortgages PLC (7 November 2007)  
 Near Prime includes both Near Prime and Near Prime Plus loans  
 Light includes both Light and Super Light loans  
 Heavy includes Heavy, Fast Track and Fast Track Express loans

# MPLC Historical Portfolio Performance

## Standard & Poor's UK Nonconforming 90+ Day Delinquency Index



Source: Standard & Poor's U.K. Nonconforming RMBS Index Report Q2 2007 (4 September 2007)

**mortgagespic**

## **Newgate Funding 2007-3 Provisional Pool**

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# Newgate Funding 2007-3 Provisional Pool

## Summary Statistics – Newgate Funding 2007-3

Any loans with an arrears balance greater than or equal to 1 monthly instalment on the Closing Date will not be eligible for inclusion in the Series Completion Mortgage Pool

Statistics are for provisional pool as of pool cut off date [21 September 2007]

Aggregate Principal Balance	[£983,890,578]	England	[83.53%]
Aggregate Number of Loans	[7,809]	Scotland	[6.92%]
Average Principal Balance	[£125,994]	Northern Ireland	[5.18%]
Weighted Average Stabilised Margin over BBR	[2.98%]	Wales	[4.38%]
Weighted Average Seasoning	[2.51] months	South East and Greater London	[29.65%]
Weighted Average Original LTV	[78.11%]	1 Year Fixed	[0.02%]
Weighted Average Remaining Term to Maturity	[22.9] years	2 Year Fixed	[78.66%]
		3 Year Fixed	[19.13%]
Current	[90.34%]	Stepped Discount	[0.06%]
1 < 2 Months (ineligible on Closing Date)	[6.81%]	Discount	[2.05%]
> =2 Months (ineligible on Closing Date)	[2.85%]	Variable	[0.08%]
No CCJ	[85.29%]	Feudal freehold	[6.92%]
1 CCJ	[10.23%]	Freehold	[79.70%]
More than 1 CCJ	[4.48%]	Leasehold	[13.38%]
Near Prime & Near Prime Plus	[57.08%]	Remortgage	[54.43%]
Self Certified Loans	[54.67%]	Purchase	[45.57%]
Right-to-Buy	[1.57%]	Interest Only / Part & Part	[59.89%]
Buy-to-Let	[1.51%]		

# Newgate Funding 2007-3 Transaction Comparison

## Provisional Pool Collateral Comparison With Previous MPLC / Newgate Transactions

- Like previous transactions off the Newgate platform, Newgate Funding Series 2007-3 distinguishes itself from previous Mortgages plc transactions by the large proportion of Near Prime loans

	Newgate 07-3	Newgate 07-2	Newgate 07-1	Newgate 06-3	Newgate 06-2	Newgate 06-1	Mortgages 7	Mortgages 6	Mortgages 5	Mortgages 4	Mortgages 3
Closing Date	[•-07]	Jun-07	Mar-07	Nov-06	Jun-06	Mar-06	Aug-05	Dec-04	Jul-03	Nov-02	Nov-01
WAV LTV	[78.11%]	78.25%	79.32%	79.90%	79.88%	78.93%	74.73%	72.91%	77.06%	77.43%	74.45%
WAV Seasoning (months)	[2.51]	1.92	2.1	2.3	1.9	3.0	3.4	7.3	5.9	3.5	5.7
Self Certification	[54.67%]	60.24%	55.47%	54.61%	72.21%	67.51%	64.20%	70.87%	53.18%	56.28%	53.01%
>= 2 months arrears loans	[2.85%]*	1.89%	1.57%	2.46%	1.33%	2.46%	2.28%	3.56%	4.36%	2.44%	9.89%
>0 CCJs	[14.71%]	19.56%	17.96%	20.30%	11.36%	12.61%	19.3% <sup>(1)</sup>	23% <sup>(1)</sup>	20% <sup>(1)</sup>	22% <sup>(1)</sup>	23% <sup>(1)</sup>
<b>Loan Purpose</b>											
Purchase	[45.57%]	39.83%	45.43%	48.57%	45.81%	46.00%	31.66%	37.81%	45.92%	44.35%	38.88%
Remortgage	[54.43%]	60.17%	54.57%	51.43%	54.19%	54.00%	68.34%	62.19%	54.08%	55.65%	61.12%
Right to Buy	[1.57%]	2.51%	2.06%	1.96%	2.25%	3.92%	2.24%	6.73%	9.42%	1.47%	2.99%
Buy/Bond to Let	[1.51%]	3.82%	6.47%	6.93%	2.56%	5.25%	2.76%	4.59%	14.47%	20.06%	15.67%
<b>Region</b>											
South East	[23.88%]	20.21%	20.29%	19.89%	21.81%	20.45%	20.76%	16.70%	17.28%	20.43%	40.28%
London	[5.77%]	5.82%	5.77%	5.40%	3.88%	4.53%	4.52%	15.88%	27.63%	33.17%	21.93%
<b>Rate Type</b>											
Variable	[0.08%]	0.00%	0.00%	0.02%	0.05%	0.05%	0.01%	18.69%	2.76%	2.09%	22.90%
Fixed	[97.81%]	96.49%	92.35%	92.37%	88.62%	73.70%	22.14%	0.00%	0.17%	15.87%	7.83%
Discount <sup>(2)</sup>	[2.11%]	3.51%	7.65%	6.34%	11.33%	26.26%	77.86%	81.31%	97.07%	82.04%	69.26%
Near Prime / Near Prime Plus	[57.08%]	44.01%	46.61%	49.44%	53.22%	49.83%	28.17%	12.12%	0.00%	0.00%	0.00%

**\* Any loans with an arrears balance greater than or equal to 1 monthly instalment on the Closing Date will not be eligible for inclusion in the Series Completion Mortgage Pool for Newgate 07-3**  
 Newgate 07-3 Statistics are for provisional pool as of pool cut off date [21 September 2007]

<sup>(1)</sup> As a % of pool by number of loans  
<sup>(2)</sup> Includes stepped discount and rolling discount loans

**mortgagespic**

## **Newgate Funding 2007-3 Structure**

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# Newgate Funding 2007-3 Structure

## Capital Structure

Class	Rating [ S & P / M / F ]	Class Size	% of Transaction Size	Credit Enhancement (incl. Reserve Fund)	Currency Offered	WA Life <sup>(2)</sup>	Benchmark Index	Payment Windows <sup>(2)</sup>
A1 <sup>(1)</sup>	[A1+/P-/F1+] [AAA/Aaa/AAA]	£[300,000,000]	[35.29%]	[33.98%]	[GBP / USD / EUR]	[0.87]	[3m £ LIBOR / EURIBOR / USD LIBOR]	[Mar 08 - Dec 08]
A2	[AAA/Aaa/AAA]	£[285,000,000]	[33.53%]	[33.98%]	[GBP / USD / EUR]	[3.89]	[3m £ LIBOR / EURIBOR / USD LIBOR]	[Mar 10 - Mar 14]
A3	[AAA/Aaa/AAA]	£[148,100,000]	[17.42%]	[16.55%]	[GBP / USD / EUR]	[4.04]	[3m £ LIBOR / EURIBOR / USD LIBOR]	[Jun 10 - Mar 14]
B	[AA/Aa2/AA-]	£[61,200,000]	[7.20%]	[9.35%]	[GBP / USD / EUR]	[4.04]	[3m £ LIBOR / EURIBOR / USD LIBOR]	[Jun 10 - Mar 14]
C	[A/A3/A-]	£[31,450,000]	[3.70%]	[5.65%]	[GBP / USD / EUR]	[4.04]	[3m £ LIBOR / EURIBOR / USD LIBOR]	[Jun 10 - Mar 14]
D	[BBB/Baa3/BBB+]	£[12,750,000]	[1.50%]	[4.15%]	[GBP / USD / EUR]	[4.04]	[3m £ LIBOR / EURIBOR / USD LIBOR]	[Jun 10 - Mar 14]
E	[BBB-/Ba3/BBB-]	£[1,500,000]	[1.35%]	[2.80%]	[GBP]	[4.04]	[3m £ LIBOR]	[Jun 10 - Mar 14]

- The Mortgage Backed Notes (Classes A1 + A2 + A3 + B + C + D + E) initially amortise on a sequential pass-through basis, switching to pro-rata subject to performance triggers. If the 10% clean up call option is not exercised, then the amortisation will change back to sequential pass-through
- Reserve Fund is fully funded at launch at [2.80]%
- Discount Reserve is fully funded at launch at [1.45]%
- The Class A3 Notes are subordinated to the Class A1 and A2 Notes
- The Class A1 may be offered as remarketable notes or term notes, depending on investor demand
- Pricing CPR – 10% in year 1, 20% in year 2 and 40% thereafter

(1) If not successfully re-marketed on the first Transfer Date, the Class A1 Notes have an original Weighted Average Life ("WAL") of [1.40] years; expected final maturity of [15/03/2010]; and rating of [AAA/Aaa/AAA]

(2) WAL and Expected Maturity calculations assume a Closing Date of [18 December 2007] zero losses or delinquencies; 10% CPR in year 1, 20% CPR in year 2 and 40% CPR thereafter; day count basis of 30/360; and a 10% clean up call. WAL of Class A1 Remarketable Note is based on the occurrence, on the Transfer Date, of either (a) successful remarketing of the Class A1 Remarketable Notes, or (b) the purchase of the Class A1 Remarketable Notes by the Conditional Note Purchaser Legal final maturity of the Notes is [15 December 2050]

## Newgate Funding 2007-3 Structure

### Class A1 Remarketable Notes

- The Class A1 may be offered as remarketable notes or term notes, depending on investor demand
- The Class A1 Remarketable Notes will be tendered by the Re-marketing Agent on the Transfer Date on [15 December 2008]
- The Royal Bank of Scotland (“RBS”) (rated A-1+/P-1/F1+) will act as the Remarketing Agent and the Conditional Note Purchaser
- If the Re-marketing Agent finds buyers for all the Class A1 Remarketable Notes during the Marketing Period, then the margin on all the Class A Remarketable Notes will reset to the lowest margin at which all the notes will be purchased by third parties (in any case lower than or equal to the Maximum Reset Margin)
- If no purchaser is found for some or all of the Class A1 Remarketable Notes at a margin below the Maximum Reset Margin, then the margin on all the Notes will reset to the Maximum Reset Margin, and the Remarketing Agent will require the Conditional Note Purchaser to purchase all Class A1 Remarketable Notes
- Marketing Period – ranges from and including [20] business days before a Transfer Date and [5] business days before such Transfer Date
- Any increase in the applicable Class A1 Remarketable Notes margin after the Transfer Date will be hedged through the Interest Rate Spread Cap

## Newgate Funding 2007-3 Structure

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### Reserve Fund

- The reserve fund is fully funded at [2.80]% of total mortgage-backed Notes on closing
- The reserve fund amortises as the Notes pay down when it is larger than [5.60]% of the total mortgage-backed Notes outstanding, subject to a floor of [1.40]% of total mortgage-backed Notes on closing, provided:
  - There are no balances on the PDL ledger; and
  - There are no outstanding drawings on the Liquidity Facility; and
  - 90+ days arrears are <20.00% of current balance of the portfolio; and
  - Balance of loans foreclosed and yet unsold <2.25% of original balance of the portfolio; and
  - Total losses <1.25% of original balance of the portfolio

### Discount Reserve

- [1.45]% of the initial mortgage-backed Notes on closing
- The discount reserve pays out predetermined amounts on the first [7] Interest Payment Dates

### Series Cap Reserve Ledger

- If there are any unused proceeds from the Interest Rate Caps at each Interest Payment Date, the excess will be held in the Series Cap Reserve Ledger and will be made available as part of the Available Revenue Funds for the subsequent Interest Payment Dates

## Newgate Funding 2007-3 Structure

### Interest Rate & Currency Hedging

- Balance guaranteed interest rate swap, two non-amortising interest rate caps, one spread cap, and currency swaps (if required) provided by Merrill Lynch International Bank:
1. Balance guaranteed interest rate swap pays 3m £ Libor + [0.70]% in return for interest received on the performing balance of the fixed loans. Designed to hedge interest rate mismatch between fixed rate loans and floating rate Notes
  2. Interest rate cap 1
    - Strike – 3m £ Libor = [7.25]%
    - Maturity – [December 2008]
    - Notional – [100.00]% of Mortgage Backed Notes (Classes A + B + C + D + E) on the Issue Date
  3. Interest rate cap 2
    - Strike – 3m £ Libor = [10.00]%
    - Maturity – [December 2012]
    - Notional – [25.00]% of Mortgage Backed Notes (Classes A + B + C + D + E) on the Issue Date
  - Payouts from both interest rate caps are designed to provide additional support in high rates & high delinquencies scenarios
  4. Spread cap
    - Strike – Margin on Class A1 Remarketable Notes = Class A1 Margin on the Closing Date
    - Notional – Principal Amount Outstanding of the Class A1 Remarketable Notes
    - Pay out – The cap will pay out the positive difference, if any, between the Class A1 Reset Margin and the Class A1 Margin on the Closing Date. i.e. [Min ((Maximum Reset Margin - Class A1 Margin on the Closing Date), Max (0%, Class A1 Reset Margin – Class A1 Margin on the Closing Date))]
    - Spread cap provides additional revenue to the capital structure in the event that re-marketing results in the Margin on the Class A1 Remarketable Notes being greater than that on the Closing Date
  5. Currency swaps

## Newgate Funding 2007-3 Structure

### Liquidity Facility

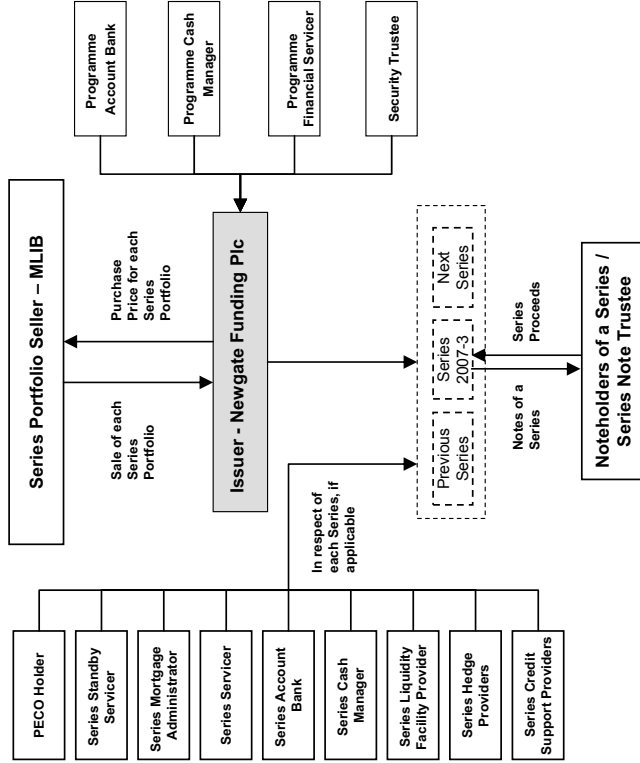
- A suitably rated counterparty [A-1/P-1/F1] will provide a committed liquidity facility for the transaction, which will be [5.30]% of the total mortgage-backed Notes at closing
- The liquidity facility may be used when the available revenue and the reserve fund are insufficient to cover senior expenses and interest due on the Notes
- The liquidity facility will be capped at [8.00]% of the outstanding principal amount of the Notes, subject to a floor of £[8.50]mm
- The liquidity facility will not amortise if on an interest payment date:
  - The reserve fund is less than the required amount after the application of revenue funds or there is a PDL balance; or
  - The liquidity facility is currently being utilised; or
  - Cumulative principal losses are > 1.50% of the original balance of the Notes; or
  - The aggregate balance of loans that are ≥ 90 days in arrears exceeds 20.00% of the current balance of the pool; or
  - Mortgages plc (as Administrator and/or Cash Bond Administrator) is in breach of its obligations under the transaction administration agreements

### Pro-rata Amortisation

- The Mortgage Backed Notes (Classes A1 + A2 + A3 + B + C + D + E) amortise on a sequential pass-through basis, but the amortisation switches to pro-rata when the proportion of junior Notes (Classes A3, B, C, D and E) to the senior Notes (Classes A1 and A2) outstanding doubles from the proportion at closing
- The switch from sequential to pro rata amortisation is subject to:
  - There are no outstanding balances on the PDL ledger; and
  - There are no drawings on the Liquidity Facility; and
  - 90+ days arrears are <20.00% of total balance of the portfolio; and
  - Reserve fund is fully funded at its required amount; and
  - The aggregate principal amount outstanding of the Notes is >10.00% of the aggregate principal amount outstanding of the Notes on the issue date

# Newgate Funding Programme Summary

## Legal Structure: Single Issuer Programme



- The programme has been established to:
  - Enable efficient access to the capital markets
  - Reduce fixed costs associated with multiple stand alone transactions
  - Allow response to reverse inquiries in a timely fashion
- Legally, a Series issued out of the single issuer RMBS Funding programme offers the same security package as a standalone transaction
  - True sale of each Series Portfolio by the Seller (Merrill Lynch International Bank) to the Issuer
  - Portfolios and Notes from different Series are segregated
  - Each transaction has its own credit enhancement
  - There is no cross-default between Series
  - Separate credit enhancement for each Series to attain initial ratings for the Series Notes
  - Separate Series Waterfalls for distribution of segregated funds allocated to a specific Series
  - Separate Reserve Funds
  - Each Series Portfolio identified and serviced on a segregated basis
- Payments by the borrowers for a particular Series are swept into a separate Series Account held by the Issuer.
- Each Series of Notes has its own separate Series Account for segregation of all funds and payments relating to that Series

# Newgate Funding 2007-3 Structure

## Pre-Enforcement Revenue Waterfall



Senior Expenses
Series Interest Rate Swap Provider
Liquidity Facility (if drawn)
Interest on Class A1 and Class A2 Notes
Reduction of Class A1/A2 PDL
Interest on Class A3 Notes
Reduction of Class A3 PDL
Interest on Class B Notes
Reduction of Class B PDL
Interest on Class C Notes
Reduction of Class C PDL
Interest on Class D Notes
Reduction of Class D PDL
Interest on Class E Notes
Reduction of Class E PDL
Reserve Fund (if required)
Other Creditors
Series Cap Reserve Ledger (if applicable)
Residual

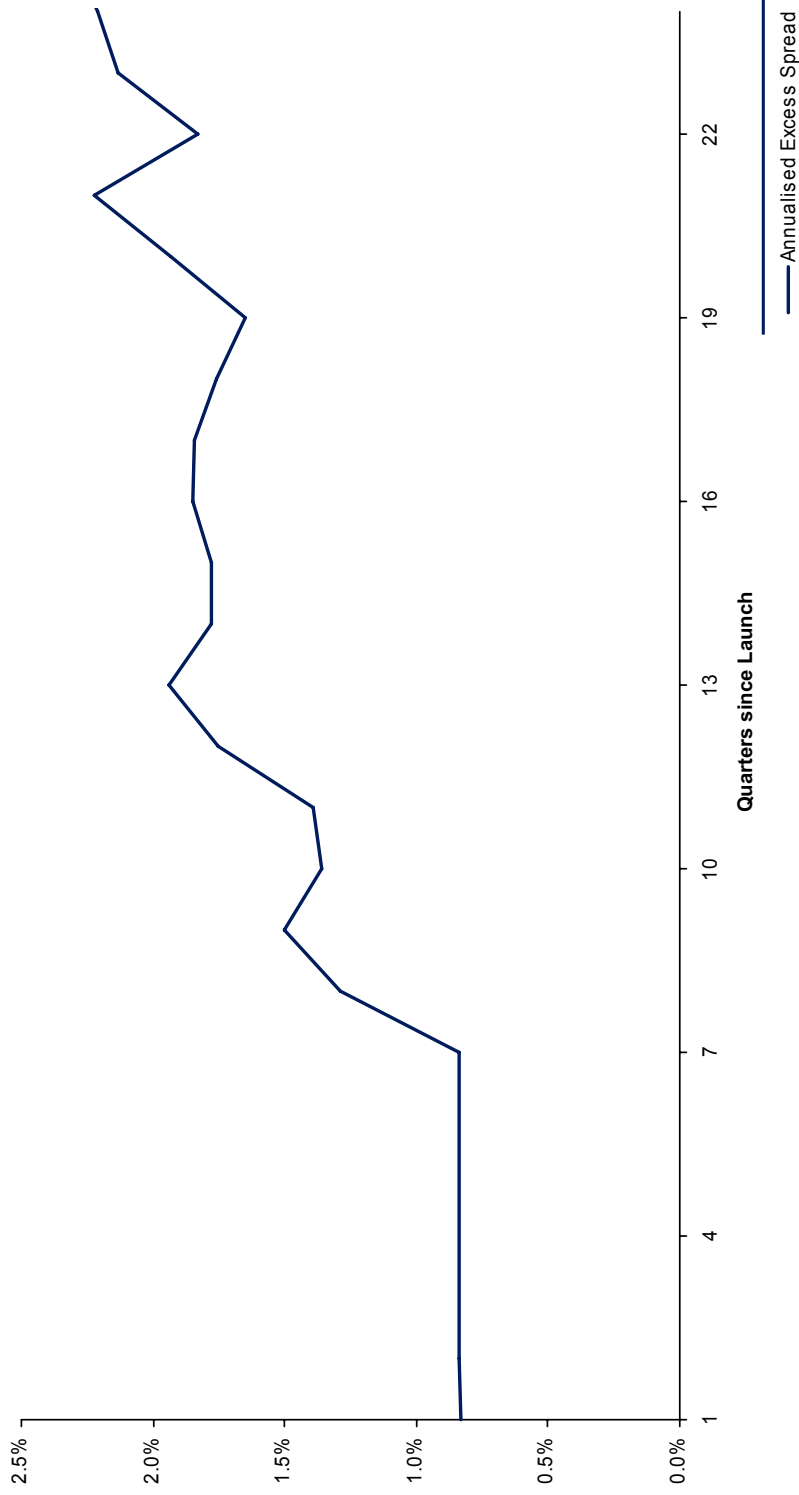
## Pre-Enforcement Principal Waterfall



Principal on Class A1 Notes
Principal on Class A2 Notes
Principal on Class A3 Notes
Principal on Class B Notes
Principal on Class C Notes
Principal on Class D Notes
Principal on Class E Notes

# Newgate Funding 2007-3 Structure

## Projected Evolution of "Excess Spread"



Assumptions: Please refer to section "Weighted Average Lives, Principal Payment Dates And Expected Maturity Dates Of The Notes And Breakeven CDR-Cumulative Loss" in the Preliminary Supplement



# Newgate Funding 2007-3 Structure

## Break-Even Conditional Default Rate ("CDR") Scenario Analysis

	Break Even	10% Loss Severity	20% Loss Severity	30% Loss Severity	40% Loss Severity	50% Loss Severity
Class A1	CDR (%)	N/A	N/A	N/A	N/A	N/A
	Cumulative Default (%) Cumulative Loss (%)	N/A	N/A	N/A	N/A	N/A
Class A2	CDR (%)	N/A	N/A	N/A	50.43	34.32
	Cumulative Default (%) Cumulative Loss (%)	N/A	N/A	N/A	77.94	64.28
Class A3	CDR (%)	N/A	40.92	24.08	16.58	12.79
	Cumulative Default (%) Cumulative Loss (%)	N/A	70.63	51.67	39.64	32.40
Class B	CDR (%)	39.98	17.87	11.70	8.58	6.82
	Cumulative Default (%) Cumulative Loss (%)	69.80	41.91	30.14	23.24	19.01
Class C	CDR (%)	6.98	8.38	9.04	9.30	9.51
	Cumulative Default (%) Cumulative Loss (%)	18.79	10.11	6.95	5.30	4.31
Class D	CDR (%)	43.48	26.71	19.33	15.16	12.53
	Cumulative Default (%) Cumulative Loss (%)	4.35	5.34	5.80	6.06	6.27
Class E	CDR (%)	13.15	7.58	5.37	4.18	3.42
	Cumulative Default (%) Cumulative Loss (%)	33.12	20.87	15.34	12.18	10.10
Class E	CDR (%)	9.21	5.82	4.27	3.35	2.77
	Cumulative Default (%) Cumulative Loss (%)	23.65	15.77	11.83	9.47	7.89
		2.37	3.15	3.55	3.79	3.95

Assumptions: Please refer to section "Weighted Average Lives, Principal Payment Dates And Expected Maturity Dates Of The Notes And Break Even CDR-Cumulative Loss" in the Preliminary Supplement

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