

**Supplement No. 5 dated 9 August 2019
to the Base Prospectus dated 21 September 2018**



BARCLAYS BANK PLC

(Incorporated with limited liability in England and Wales)

\$20,000,000,000

GLOBAL COLLATERALISED MEDIUM TERM NOTES

supported by a limited recourse undertaking by Barclays CCP Funding LLP

This base prospectus supplement (this "**Supplement**") supplements, forms part of and should be read in conjunction with, the base prospectus dated 21 September 2018 as supplemented on 2 November 2018, 17 January 2019, 11 February 2019 and 8 March 2019 (the "**Base Prospectus**") prepared by Barclays Bank PLC (the "**Bank**" or the "**Issuer**") with respect to its \$20,000,000,000 Global Collateralised Medium Term Note Series (the "**Global Collateralised Medium Term Note Series**").

This Supplement has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under Directive 2003/71/EC (the "**Prospectus Directive**"). The Central Bank only approves this Supplement as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. This Supplement constitutes a base prospectus supplement for the purposes of Article 16 of the Prospectus Directive.

Terms defined in the Base Prospectus have the same meanings when used in this Supplement unless otherwise defined herein.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Barclays CCP Funding LLP (the "**LLP**") accepts responsibility for the information contained in this Supplement relating to it and the LLP Undertakings. To the best of the knowledge of the LLP (having taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus. To the extent that there is any inconsistency between any statement herein and any statement in or incorporated by reference into the Base Prospectus, the statements herein will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the initial publication of the Base Prospectus.

This Supplement has been filed with and approved by the Central Bank as required by the Irish Prospectus (Directive 2003/71/EC) Regulations 2005.

Amendments to "Global Collateralised Medium Term Note Series Overview"

The paragraph entitled "Mortgage Repo Classes" set forth on page 15 of the Base Prospectus shall be deleted and replaced with the following text:

Mortgage Repo Classes:

In connection with the Programme, the Issuer may from time to time issue Classes of Global Collateralised Medium Term Notes supported by a limited recourse undertaking by the LLP, the related Class Collateral for which includes or is constituted by residential or commercial mortgage loans (each such Class, a "**Mortgage Repo Class**"). Further information relating to such Mortgage Repo Classes is set forth on Exhibit I to this Base Prospectus. See "*Exhibit I—Overview—Mortgage Repo Classes*".

Amendments to "Risk Factors"

The section entitled "Additional Risk Factors Relating to Mortgage Loans" set forth on pages 51-67 of the Base Prospectus shall be deleted and replaced with the following text:

ADDITIONAL RISK FACTORS RELATING TO MORTGAGE ASSETS

The following information, which you should carefully consider, identifies certain material sources of risk associated with an investment in the Global Collateralised Medium Term Notes to the extent the Class Collateral in respect thereof includes or comprises Mortgage Assets. The following risks are in addition to other risks associated with an investment in the Global Collateralised Medium Term Notes, which are described in this Base Prospectus. Investors should fully review the risk factors contained herein and elsewhere in this Base Prospectus, and consult with their legal, tax, accounting and financial advisors prior to making an investment decision.

For the purposes of these *Additional Risk Factors Relating to Mortgage Assets*, the term "**Mortgage Repo Notes**" means Global Collateralised Medium Term Notes for which Mortgage Assets constitute part or all of the related Class Collateral. Correspondingly, "**Mortgage Repo Noteholders**" means Holders of Mortgage Repo Notes.

The Mortgage Repo Classes are not mortgage securitisation transactions because the primary source of repayment is not collections on, or sales of, the Mortgage Assets. Rather, Mortgage Repo Classes represent unsecured, unsubordinated obligations of the Issuer, which also benefit from the LLP Undertaking (Mortgage Repo) that is, in turn, secured by repurchase transactions involving Mortgage Assets. As such, the principal source of payment of the Mortgage Repo Classes will be the Bank in its capacity as Issuer or, in the case of the LLP Undertaking (Mortgage Repo), by the Bank in its capacity as Seller making Repurchase Price payments under the Mortgage Asset Repurchase Agreement. Only if the Bank in its Issuer and Seller capacities fails to perform, and the Underlying Seller does not comply with its repurchase obligations, would the Mortgage Assets become relevant as a source of repayment of the Mortgage Repo Notes. Therefore, the following risk factors should be read with the understanding that it is not anticipated that the LLP would need to rely upon a sale of the Mortgage Repo Class Collateral in order to pay on the LLP Undertaking (Mortgage Repo).

Although the Bank conducts due diligence with respect to mortgage loan originators or sellers from which it purchases Mortgage Assets under repurchase agreements, the Mortgage Repo Class Collateral will not be subject to review by any third-party reviewer at the time of purchase as is typical in securitisation transactions. The absence of a third-party review means that mortgage loan documentation deficiencies that might otherwise have been identified by a reviewer will become apparent to the LLP only if it is notified of such issues, or if the same are identified in the ordinary course of the Bank's business processes and procedures.

The risk factors below do not capitalise the term "mortgage assets" because they are intended to reference mortgage assets of the type(s) that comprise the Mortgage Assets, and do not purport to be a description of, or risk factors associated solely with, the specific Mortgage Assets that may be part of the Mortgage Repo Class Collateral. For mortgage assets that are not whole mortgage loans, such as participation interests in commercial mortgage loans, the value of the mortgage asset depends heavily upon the performance of the underlying whole mortgage loan or mortgage

loans. Accordingly, while some of the risk factors herein are specific only to whole mortgage loans or reference whole mortgage loans, because such whole mortgage loans may underlie or otherwise relate to a mortgage asset that itself forms part of the Mortgage Repo Class Collateral, all of such risks may be relevant to mortgage assets generally.

Risks Related to Illiquidity of Mortgage Assets Relative to Securities

Unlike securities, mortgage loans are not fungible. Mortgage loans are not fungible because they relate to specific mortgaged properties and (for residential mortgages and some commercial mortgage loans) individual mortgagors. In addition, payments on commercial mortgage loans (and therefore their value) typically depend upon the receipt of lease or rental income, which in turn generally is generated from the business conducted upon the related premises. The particular use of the premises, the business conducted there, the existence or absence of rent reserves, guarantees or other payment sources, and the exposure of the commercial mortgagor to broader economic forces, make each commercial mortgage loan unique. Accordingly, the LLP's interest in, and rights to, the Mortgage Repo Class Collateral are subject to restrictions described herein that are not applicable to fungible securities.

From time to time, counterparties of the Bank under repurchase transactions where the Bank is the purchaser thereunder are entitled to a return of such counterparty's collateral. If such collateral is comprised of marketable securities, replacement securities are generally readily available from other market sources and the Bank need only return securities of the same issuance (and not necessarily the specific securities originally sold to it under the repurchase agreement). If such collateral is comprised of mortgage assets, however, the Bank must return the specific mortgage assets that it holds because there will not be identical replacement mortgage assets available from any source. Therefore, prospective investors in Mortgage Repo Notes should recognize that the LLP cannot dispose of Mortgage Repo Class Collateral in the same manner as it can with Class Collateral comprised of securities. This inherent illiquidity in mortgage assets as a form of collateral creates risks of delays and greater expenses if the Collateral Agent is required to realise upon the Purchased Assets directly, as described herein. See "*Risks Relating to Enforcement of Security and Exercise of Remedies*" below.

Risks Related to the Selection and Composition of the Mortgage Repo Class Collateral

The LLP Will Not Select or Monitor the Mortgage Assets

The Seller selects the mortgage assets for which it is willing to provide warehouse financing, and also selects the particular Mortgage Assets that it uses in Mortgage Repurchase Transactions with the LLP. Although the LLP does not have the right to accept or reject any particular proposed Mortgage Asset, the LLP and the Seller have agreed to particular categories of Mortgage Assets that qualify as Eligible Assets for that particular Class and the Seller represents to the LLP that all Mortgage Assets subject to a Mortgage Repurchase Transaction constitute Eligible Assets for such Mortgage Repurchase Transaction. The sole right of the LLP in this regard is that the proposed asset fit the definition of being an Eligible Asset. As described below, the LLP will not independently verify whether a mortgage asset is an Eligible Asset; rather, the LLP will be dependent upon other parties, including the Seller, in order to monitor whether a mortgage asset is and remains an Eligible Asset. The LLP has not established criteria for the qualification of originators or servicers of residential or commercial mortgage loans separate from those of the Seller, and does not influence or control changes in the Seller's criteria therefor. The LLP will not track geographic concentrations for residential or commercial mortgage assets, creditworthiness or otherwise of mortgagors, loan-to-value ratios or computations, rent rolls and debt service coverage or ability-to-repay metrics, tenant concentrations, industries or other metrics relating to tenant types or affiliations in commercial mortgage assets, and there are no criteria for eligibility that depend upon diversity in the mix of asset types relative to each other over time. A Mortgage Repurchase Transactions may be supported by a single commercial mortgage asset, making more acute the applicable risks described herein relating to commercial mortgage assets. As a result of the foregoing, the LLP is exposed to risks associated with asset credit quality, asset diversity, asset price sensitivity and a lack of direct control over the assets, all of which are in addition to and may amplify the other risks described herein.

Risks Related to Qualification of Mortgage Assets as Eligible Assets

Holder of Mortgage Repo Notes will select by category the types of mortgage assets that will be Eligible Assets for the related Mortgage Repo Class, which categories will be listed in the Final Terms for such class. The categories of mortgage assets contained in the Final Terms reference, but do not purport to detail or describe, the standards and

criteria adopted by the Bank as to various types of residential and commercial mortgage assets that it is willing to acquire under a repurchase agreement. From time to time, the Bank, acting as buyer of mortgage assets, enters into repurchase transactions with various counterparties, including the Underlying Sellers. Under such repurchase transactions, including the Underlying Seller Documents, the Bank establishes eligibility criteria for which mortgage assets are eligible to be funded and haircuts, concentration limits and other terms applicable thereto. The categories listed in the Final Terms correspond with the Bank's then-applicable guidelines for making such determinations, provided that from time to time the Bank may change or update its criteria and related representations for repurchase transactions. With respect to the mortgage assets comprising Mortgage Repo Class Collateral, the fact that the Bank has acquired such mortgage asset (and assigned it to the corresponding category referenced in the Final Terms) will be relied upon by the LLP as to such mortgage asset's conformity to the Bank's standards and criteria, and thus whether such mortgage asset meets the applicable requirements for being an Eligible Asset of the particular type.

The LLP will not have any control over the standards and criteria established by the Bank from time to time, or over the delineation of what constitutes compliance with such standards and criteria. Rather, the LLP will be dependent upon the Bank to have reviewed each mortgage asset against its standards and criteria in connection with its acquisition of such mortgage asset under the Underlying Transaction. There is a risk that any particular mortgage asset does not meet the requirements for eligibility. Any mortgage asset that does not meet such criteria would not be an Eligible Asset and, unless it meets the criteria for another selected category of Eligible Asset for the Mortgage Repo Class in question, it would need to be repurchased by the Bank from the LLP under the Mortgage Asset Repurchase Agreement. Similarly, the LLP does not have any control over the applicable underwriting standards applied in the origination of the mortgage assets that form Mortgage Repo Class Collateral, or over compliance with such underwriting standards. Some or all of such mortgage assets may have been originated using underwriting standards that are less stringent than the underwriting standards applied by other first lien mortgage purchase programs, such as those of Fannie Mae and Freddie Mac with respect to residential mortgage loans. The failure of any mortgage asset forming part of the Mortgage Repo Class Collateral to meet the standards and criteria for inclusion as an Eligible Asset, or to meet the applicable underwriting standards, may result in diminished values for such mortgage asset as collateral, and realisation of proceeds insufficient to meet all the Mortgage Repo Payment Amounts that are Due for Payment under the LLP Undertaking (Mortgage Repo).

As the buyer under the related repurchase agreements by which it acquires the mortgage assets, the Bank relies on the Underlying Seller to represent that the related mortgage assets constitute eligible assets (for purposes of the Underlying Transaction) and are correctly categorised under the related eligibility criteria. The Underlying Seller will make representations under the Underlying Seller Agreement that each mortgage asset meets the requirements of each categorisation. Once so categorised by the Underlying Seller, the Bank will rely on the Underlying Seller's categorisation and will make no independent investigation as to the accuracy of the categorisation of any such mortgage asset. When entering into repurchase transactions under the Mortgage Asset Repurchase Agreement, the Seller will rely on such categorisations for purposes of monitoring compliance with eligibility for any repurchase transaction. The categorisations assigned by the Seller will be provided to the Mortgage Custodian, together with additional information from the Seller's own books and records that bears upon eligibility, and the Mortgage Custodian will be wholly reliant upon the accuracy of that information and those categorisations, for allocation and monitoring purposes.

Risks Arising in Connection with the Collateral Agent's Ability to Enforce Loan Level Representations and Warranties

The Seller will not make any loan level representations or warranties to the LLP relating to the Mortgage Repo Class Collateral, and the Underlying Sellers will not enter into any assignment and assumption agreements with the LLP or Collateral Agent relating to representations and warranties. The benefit of the representations and warranties made by the Underlying Seller with respect to the mortgage assets forming part of the Mortgage Repo Class Collateral are assigned to the LLP under the Mortgage Asset Repurchase Agreement as part of the Purchased Assets. Neither the LLP nor the Collateral Agent will have direct rights to take action against the related Underlying Sellers for breaches of loan level representations and warranties until the Collateral Agent, by the exercise of remedies, forecloses on the Seller's rights under the Underlying Seller Documents. Pending the establishment of the Collateral Agent's rights, which may cause delay, there is a risk of diminution in value of any mortgage asset as to which there is a breach of representations and warranties. As described under "*Exhibit I—Mortgage Repo Class Transaction Documents—Mortgage Asset Repurchase Agreements*" herein, the Seller agrees with the LLP that it will take certain actions to enforce such representations and warranties made by the Underlying Sellers in the Underlying Seller Documents.

Until such breaches are cured, or the related mortgage asset is repurchased from the LLP by the Seller under the Mortgage Asset Repurchase Agreement, there is a risk that in the event the LLP must dispose of the mortgage asset before the relevant breach is cured or the mortgage asset is repurchased, the diminution in value due to the breach could result in reduced recovery, which could result in proceeds insufficient to meet all the Mortgage Repo Payment Amounts that are Due for Payment under the LLP Undertaking (Mortgage Repo).

Risks Related to the Revolving Nature of the Mortgage Repo Class Collateral

As stated above, Holders of Mortgage Repo Notes will select, by category, the types of mortgage assets that will be Eligible Assets for the related Mortgage Repo Class. Holders of Mortgage Repo Notes will not be entitled to select the specific mortgage assets, nor will they receive detailed statistics or information in relation to the particular mortgage assets that comprise the related Mortgage Repo Class Collateral. Within the bounds of the Eligible Assets defined in the Final Terms, the composition of the Mortgage Repo Class Collateral may change due to repurchases which may occur on the Repurchase Date or on any other day. The Seller may from time to time, subject to compliance by the Bank with the Mortgage Asset Repurchase Agreement, make repurchases as a result of actions outside of its control, including repurchases effected by the Underlying Sellers pursuant to the Underlying Seller Documents or as a result of payoffs by the underlying mortgagors.

Although the Final Terms will include haircuts for certain categories of mortgage assets designed to reflect, in part, differences in value across different asset types, there is a risk that the specific mortgage assets forming the Mortgage Repo Class Collateral upon an Acceleration Event may have characteristics that make them less valuable when compared with other mortgage assets that are Eligible Assets, and such characteristics may not be adequately covered by the haircut. However, the obligation of the Seller to repurchase the Purchased Assets upon an Acceleration Event does not depend upon the market value or other characteristics of the Purchased Assets, nor does the obligation of the Underlying Seller to repurchase the related mortgage assets pursuant to the Underlying Seller Documents depend upon the market value or other characteristics of the such assets. Accordingly, should the Seller (or the Underlying Seller) fully perform its repurchase obligations, the LLP will not be exposed to this form of market value risk. However, if the Seller and the Underlying Seller do not fully perform their respective repurchase obligations, or if there is a delay in such performance, this form of market value risk would arise in circumstances where the Collateral Agent is required to realise upon the Purchased Assets directly, as described herein.

Risks Related to Valuation of Mortgage Repo Class Collateral

As described under "*Exhibit I—Mortgage Repo Class Transaction Documents—Mortgage Repo Custodial Agreements*" herein, the Master Custodian will be using one of two methods for deriving the fair market value of the mortgage assets that form the Purchased Assets. The market value for whole residential mortgage loans held by the Master Custodian that would otherwise be eligible to be included in mortgage-backed securities issued or guaranteed by a government-sponsored entity will be determined by the Master Custodian by reference to a proxy residential mortgage-backed security. The market value for other mortgage assets will be provided by the Seller. Therefore, the Master Custodian will be dependent upon the Seller to assign such fair market values to certain types of Eligible Assets that are difficult to value without access to any independent, proprietary pricing models and methods. The Master Custodian and the LLP will not have independent access to any such models or methods for valuation. As described under "*—Risks Relating to the LLP and the Class Collateral—Reliance of the LLP on third parties*" in the Base Prospectus, reliance upon third parties to determine the fair market value of an item of Mortgage Repo Class Collateral entails risk. The risks described therein with respect to securities are applicable to the Mortgage Repo Class Collateral. Moreover, external professional input and manual operations generally play a larger role in valuing Mortgage Repo Class Collateral than Class Collateral consisting solely of securities, particularly those for which there is a screen-based market price available. Furthermore, in the case of mortgage assets that are commercial mortgage loans or interests in commercial mortgage loans, in the ordinary course of its business the Seller typically re-values such assets approximately once per month. No different approach will be taken with respect to Mortgage Repo Class Collateral, and accordingly the values assigned by the Seller for Mortgage Repo Class Collateral consisting of commercial mortgage loans or interests in commercial mortgage loans, although given daily to the Master Custodian, will be the same until the applicable assets are re-valued by the Seller in the ordinary course of its business. Therefore, valuations relating to commercial mortgage loans may not reflect any downward movement in such assets' values intra-month. Because of such difficulties in valuing Mortgage Repo Class Collateral in the absence of external professional input, there is a risk that the Collateral Agent will be unable to properly price such Eligible Assets for

sale, if applicable, or that the Master Custodian will rely on potentially inaccurate or out-of-date valuations in calculating margin amounts.

Risk Related to the Roles of the Bank as the Source of Market Value, as the Issuer and as the Seller

As well as being the Issuer, the Bank will be the sole Seller authorised to enter into Mortgage Repurchase Transactions, and will determine the market value of certain mortgage assets with respect to Mortgage Repurchase Transactions. Each such valuation will be made by the Bank using the same valuation methodology that it uses when it is the buyer under repurchase agreement facilities for comparable assets from third parties, and the same valuation methodology that it uses in connection with the Underlying Transactions. Moreover, the LLP has the right to challenge valuations provided by the Bank and may engage a nationally recognised third party valuation provider unaffiliated with Bank or the LLP to provide a final and conclusive market value. However, because the Bank is both the Issuer and the Seller, and it establishes the valuation of certain mortgage assets included in the Mortgage Repo Class Collateral, which in turn determines if the Mortgage Repo Notes are fully collateralised, a conflict of interest exists.

Risks Related to Limitations on Remedies Relating to the Mortgage Repo Class Collateral

If a Mortgage Repo Payment Amount is Due for Payment under the LLP Undertaking (Mortgage Repo), the Seller will be obligated to effect a repurchase of part or all of the Mortgage Repo Class Collateral, as described in "*Exhibit I—Mortgage Repo Class Transaction Documents—Mortgage Asset Repurchase Agreements*," in order for the LLP to be able to receive funds to make payment of such Mortgage Repo Payment Amount. Accordingly, the LLP would not rely primarily upon sale of the Mortgage Repo Class Collateral to pay on the LLP Undertaking (Mortgage Repo). Rather, the LLP's primary source of funds for payments on its LLP Undertaking (Mortgage Repo) to Noteholders is expected to be compliance by the Seller with its repurchase obligations under the related Mortgage Repurchase Transaction.

If the Seller fails to effect such repurchase under the related Mortgage Repurchase Agreement, the Collateral Agent is entitled to exercise remedies under the Mortgage Asset Security Agreement. However, because the Underlying Sellers have repurchase rights with respect to the related mortgage assets under the Underlying Seller Documents, then notwithstanding the rights the Collateral Agent may have under the Mortgage Asset Security Agreement, the remedies of the Collateral Agent are subject to the rights of the Underlying Sellers. Because it must observe such rights, there is likely to be a delay in the Collateral Agent's ability to undertake substantive remedies until either the Underlying Seller elects or is required to effect a repurchase, or defaults in its obligations under the Underlying Agreement permitting the Collateral Agent, in the place of the Seller, as buyer thereunder, to liquidate any Mortgage Repo Class Collateral. See "*Exhibit I—Mortgage Repo Class Transaction Documents—The Mortgage Asset Security Agreement*." None of (i) the transfer to the LLP of the mortgage assets by the Seller under the related Mortgage Repurchase Transaction, (ii) the pledging to the Collateral Agent of the related Mortgage Repo Class Collateral, (iii) the occurrence of a Repurchase Event of Default of the Seller, or (iv) the occurrence of an Acceleration Event, will change the rights of the Underlying Seller under its Underlying Seller Documents. There is a risk that, although the Collateral Agent may have foreclosed upon the Mortgage Repo Class Collateral, it cannot take substantive steps to realise upon such collateral for cash immediately. Such practical realisation may only be available to the Collateral Agent if (i) as a result of the Seller's Repurchase Event of Default, the Underlying Seller independently elects to exercise its repurchase rights relating to the mortgage assets (in which case the Collateral Agent, as successor to the Seller's rights as 'buyer' pursuant to the Underlying Seller Documents, will be entitled to collect such repurchase price as proceeds of the Mortgage Repo Class Collateral), (ii) the Underlying Seller defaults under the Underlying Seller Documents and the terms thereof permit the Collateral Agent, as successor to the Seller as 'buyer' thereunder, to exercise remedies against the mortgage assets (in which case the Collateral Agent will be entitled to collect such sales proceeds as proceeds of the Mortgage Repo Class Collateral), or (iii) the Collateral Agent is able to sell the Trust Receipt, the value of which is likely to reflect the same or substantially similar challenges with respect to exercising remedies with respect to the mortgage assets, as described in "*Exhibit I—Mortgage Repo Class Transaction Documents—The Mortgage Asset Security Agreement*." The delay in the Collateral Agent's ability to realise proceeds from the liquidation of any mortgage assets in order to make payments under the LLP Undertaking (Mortgage Repo) cannot be determined, and such period could be lengthy, and the value of the Mortgage Repo Class Collateral could erode during that period without the LLP having the benefit of the Seller posting margin. Although the risk of delay could be mitigated by a sale of the portfolio of the Trust Receipts, there can be no assurance that any market will exist for the sale of the Trust Receipts or that the Collateral Agent will receive any offers to purchase the Trust Receipts for

the required minimum purchase price. No assurances can be given that the sale of the Trust Receipts would produce a higher liquidation value than the sale of the individual mortgage assets comprising the Trust Receipts. The risk of delays in the right of the Collateral Agent to realise directly upon the mortgage assets that comprise the Mortgage Repo Class Collateral may result in diminished values for such collateral, and realisation of proceeds insufficient to meet all the Mortgage Repo Payment Amounts that are Due for Payment under the LLP Undertaking (Mortgage Repo).

Risks Related to Origination and Underwriting

When providing warehouse financing for Mortgage Assets, the Bank underwrites the Underlying Transaction premised upon its evaluation of the credit of the Underlying Seller and the value of the collateral in light of the structure of the Underlying Transaction. It generally does not underwrite or re-underwrite the transaction by which the related residential or commercial mortgage asset that is the subject of such Underlying Transaction was originated. Instead, the Bank is reliant upon the originator of the asset to properly underwrite and originate the asset, and further relies upon representations and warranties from the Underlying Seller as to such origination. See "*Financial Condition of Underlying Seller and Servicers; Enforcement of Representations and Warranties*" for a description of the reliance by the Bank upon representations and warranties from the Underlying Seller. In limited circumstances, it is possible that the Bank itself may have originated a commercial mortgage asset, sold that asset, and contemporaneously or subsequently provided warehouse finance for such asset. However, the origination and warehouse finance businesses of the Bank are conducted by separate teams, which apply the same standards for the origination or warehouse finance, as applicable, for such loans as such teams would apply for non-affiliated transactions. Furthermore, such transactions are infrequent.

Risks Related to Servicing

Unlike securities, mortgage loans require servicing and, as a result, owners of, or investors in, mortgage assets depend in large part upon the expertise and diligence of the related servicer to realise value on such assets. The mortgage assets underlying the Mortgage Repo Class Collateral are serviced by Servicers that are not affiliated with the LLP, or represent interests in mortgage loans serviced by such Servicers. Servicers must timely and accurately collect the payments due on a mortgage asset, undertake loss mitigation when and where required, and enforce the terms of the mortgages against the related mortgagor (including ensuring that property taxes and applicable insurance premiums are timely paid and maintained). To limit losses on delinquent mortgage assets, servicers may use loss mitigation measures including forbearance agreements and other modification agreements and pre-foreclosure sales. Modifications of mortgage assets in an attempt to maximize the ultimate proceeds of such mortgage assets may have the effect of, among other things, reducing or otherwise changing the mortgage interest rate, forgiving payments of principal, interest or prepayment charges, capitalizing or deferring delinquent interest and other amounts owed under the mortgage assets, deferring principal payments, with or without interest, or any combination of these or other modifications. To the extent that the effect of such modifications, or other action taken in compliance with future legislation or regulations, is to reduce the value of the related mortgage loan, such reduced value may result in reduced recoveries in respect of the Mortgage Repo Class Collateral. In addition, as with reliance upon any external service provider, investors in Mortgage Repo Notes are subject to the risks associated with inadequate or untimely services for reasons such as errors or miscalculations. The LLP generally does not have the right to enforce remedies against servicers directly, and instead it must rely on the Seller to enforce its rights under the related servicing agreement or arrangement. To the extent that the effect of servicing deficiencies, or the failure to make required servicing advances, is to reduce the value of the related mortgage loan, such reduced value may result in reduced recoveries in respect of the Mortgage Repo Class Collateral. Any resignation or removal of a servicer or any non-compliance or failure by a servicer to have the requisite licenses and approvals could diminish the value of the related mortgage loans or delay the realisation of proceeds therefrom by limiting such servicer's right to collect on such mortgage loan or to enforce the terms of the related mortgage. To mitigate this risk, mortgage assets will cease to be Eligible Assets upon the occurrence of any such event; however, if such an event occurs after a Repurchase Event of Default by the Seller, the LLP will be dependent on the Collateral Agent to obtain an appropriate replacement servicer or be able to sell the mortgage asset on the basis that such mortgage loan (or the mortgage loan relating to such mortgage asset) is unserviced. No arrangements have been made by the LLP or the Collateral Agent for any standby or back-up servicing.

As described below in "*Risks Relating to Reverse Residential Mortgage Loans and Residential HECM Loans*," the procedures and the expertise required to service reverse residential mortgage assets and residential HECM mortgage loans differ from the procedures and expertise required to service traditional residential mortgage loans. Similarly, the

servicing of commercial mortgage loans requires procedures and expertise different from that required to service residential mortgage loans. Servicers of commercial mortgage loans may also engage in what is known as special servicing, or may retain a sub-servicer to perform such special servicing, if the commercial mortgage loan is in default or at imminent risk of default. The special servicing of commercial mortgage loans operates within a different structural and legal framework from residential loan servicing, requiring its own expertise and experience. See "*Exhibit I—Risk Factors—Risk Relating To Commercial Mortgage Assets*" for a more fulsome description of servicing risks associated with commercial mortgage assets.

Financial Condition of Underlying Seller and Servicers; Enforcement of Representations and Warranties

Financial difficulties may result in the inability of Underlying Sellers to repurchase mortgage assets in the event the mortgage assets become ineligible due to early payment defaults and other mortgage loan representation and warranty breaches. Such inability or failure may also affect the Mortgage Repo Class Collateral where the related mortgage assets form part or all of such Mortgage Repo Class Collateral. Financial difficulties may also have a negative effect on the ability of Servicers to pursue collections on mortgage loans that are experiencing increased delinquencies and defaults and to maximize recoveries on the sale of underlying properties following foreclosure. If a Servicer is experiencing financial difficulties, it may not be able to perform its servicing duties, its advancing obligations (as applicable), or its obligations as an Underlying Seller (as applicable) to repurchase any mortgage assets as required.

As further described herein, the Seller will make certain limited representations and warranties (but not including loan level representations and warranties) with respect to Mortgage Repo Class Collateral. The Seller will also be obligated to enforce against the Underlying Seller the set of representations and warranties made by such Underlying Seller with respect to their mortgage assets under the Underlying Seller Documents, including obligations to cure a breach, or repurchase or substitute for a mortgage asset because of a breach of any such representation and warranty. See "*Exhibit I—Mortgage Repo Class Transaction Documents—Mortgage Asset Repurchase Agreements*". Such actions may not be effective if the Underlying Seller is unable to do so because it is in financial difficulties, or is subject to a bankruptcy or insolvency proceeding or no longer in existence.

Risks Arising Because the Collateral Agent Generally Will Not Collect Monthly Payments

Prior to an Acceleration Event, collections on mortgage assets will not be paid or payable to the LLP. For so long as it is in compliance with the Underlying Seller Documents, collections on the mortgage assets generally will be payable to the Underlying Seller. If the Underlying Seller is in default under the Underlying Seller Documents, collections on the mortgage assets generally are applied by the Seller to reduce the Underlying Seller's repurchase obligation under the Underlying Seller Documents. Only if the Collateral Agent has foreclosed on the Underlying Seller Documents as described under "*Exhibit I—Mortgage Repo Class Transaction Documents—The Mortgage Asset Security Agreement*" herein, and the Underlying Seller were at the same time in default under the Underlying Seller Documents, would the LLP have a right to receive collections on the mortgage assets forming part of the Mortgage Repo Class Collateral. There is a risk that delays and expenses might arise in pursuing such collections, resulting in the realisation of net proceeds insufficient to meet all the Mortgage Repo Payment Amounts that are Due for Payment under the LLP Undertaking (Mortgage Repo).

Risks Related to Limitations on the Collateral Agent's Perfected Interest in Mortgage Repo Class Collateral

While the Collateral Agent will have a perfected security interest in the Mortgage Repo Class Collateral, prospective investors in the Mortgage Repo Notes should be aware of risks related to the following limitations on the LLP's (and thus, the Collateral Agent's) interest in the underlying mortgage assets and proceeds thereof.

Risks Arising Because the LLP Will Not Be the Mortgagee of Record

In keeping with market practices for interim financing of mortgage loans, neither the LLP nor the Collateral Agent on its behalf is expected to be the mortgagee of record. Generally, the originator of the mortgage is reflected as the mortgagee of record in the files of the local recordation office, and the interests of any beneficial owner (relevant to the Mortgage Repo Class Collateral, the LLP or the Collateral Agent) will not be noted in such files. Assignments by the originator of such mortgage in blank, and the original mortgage notes endorsed by the originator in blank, will be

held by the applicable Sub-Custodian and evidenced by the Trust Receipt issued by such Sub-Custodian to the Mortgage Custodian on behalf of the LLP. Mortgages or assignments of mortgage for some of the residential mortgage loans included in the Mortgage Repo Class Collateral may have been recorded in the name of Mortgage Electronic Registration Systems, Inc., or "MERS," solely as nominee for the Underlying Seller and its successors and assigns. In these circumstances, MERS is reflected as the mortgagee of record in the files of the local recordation office, and the interests of any beneficial owner (relevant to the Mortgage Repo Class Collateral, the LLP or the Collateral Agent) will not be noted in such files. There is a risk that, if the LLP or the Collateral Agent on its behalf sought to establish the LLP's rights as owner of mortgage loans included in the Mortgage Repo Class Collateral, such recordation could cause delay and expense, resulting in realisation of proceeds insufficient to meet all the Mortgage Repo Payment Amounts that are Due for Payment under the LLP Undertaking (Mortgage Repo). If MERS discontinues the MERS system, if a court of competent jurisdiction in a particular state rules that MERS is not an appropriate system for transferring ownership of mortgage loans in that state, or if MERS goes into bankruptcy or becomes the subject of a receivership or conservatorship, and it becomes necessary for the LLP or the Collateral Agent establish the LLP's rights as owner of such residential mortgage loans included in the Mortgage Repo Class Collateral, such recordation could cause delay and expense, resulting in realisation of proceeds insufficient to meet all the Mortgage Repo Payment Amounts that are Due for Payment under the LLP Undertaking (Mortgage Repo).

Risks Related to Commingling and Non-Perfection With Respect to Collections Held by the Servicer

Under the Underlying Seller Documents, each Servicer of the related mortgage loans will be permitted to commingle collections on the mortgage loans with its own funds, generally for up to two business days. In addition, each Servicer will deposit collections initially in an account of the Servicer that is not under the control of the Seller, the LLP or the Collateral Agent, and collections may be held in this account before they are remitted each month. Where the mortgage assets are interests in whole mortgage loans, a paying agent or similar function may be utilised to effect payments, resulting in additional commingling risk and potential delays in the making of remittances. Each remittance from the related Servicer will be made to the Barclays Cash Account. Furthermore, even if such collections are segregated from the Servicer's (or paying agent's) own funds, depending on the requirements of the Underlying Seller Documents (over which the LLP and the Collateral Agent will have no control), such collections may commingle funds that relate to mortgage assets forming part of the Mortgage Repo Class Collateral with funds relating to other mortgage assets. Identifying funds relating to the Mortgage Repo Class Collateral in a commingled account may not be possible if the Seller as 'buyer' under the Underlying Seller Documents sought to do so, or if the LLP or the Collateral Agent as transferee of Seller's rights, sought to do so. If a Servicer is unable to, or fails to, turn over collections as required by the Underlying Seller Documents, or if the collections are commingled and do not constitute identifiable cash proceeds under the Uniform Commercial Code, the Seller as 'buyer' under the Underlying Seller Documents may not have a perfected or priority security interest in any collections that are in such Servicer's (or paying agent's) possession or that have not been remitted to the Seller. If the Seller as buyer under the Underlying Seller Documents does not have a perfected or priority security interest in such collections, neither the LLP nor the Collateral Agent would have a perfected or priority security interest in such collections. As a consequence there is a risk such funds could be subject to liens in favour of other creditors or claims of a bankruptcy trustee, resulting in realisation of proceeds insufficient to meet all the Mortgage Repo Payment Amounts that are Due for Payment under the LLP Undertaking (Mortgage Repo).

Risks Related to Commingling and Non-Perfection With Respect to Collections Received by the Seller

Under the Underlying Seller Documents, the Seller will direct the Underlying Seller to deposit any amounts relating to an Underlying Seller's repurchase of Purchased Assets, and all monthly remittances from the related Servicer (generally representing principal and interest payments, prepayments, liquidation and insurance proceeds, net of servicing fees and other permitted deductions) to the Barclays Cash Account. Seller will also deposit amounts relating to the initial purchase of any Purchased Assets in the Barclays Cash Account. Neither the Collateral Agent nor the LLP have a security interest in, or control over, the Barclays Cash Account. Cash proceeds received relating to Mortgage Repo Class Collateral will be commingled in the Barclays Cash Account with proceeds relating to other mortgage assets financed or held by the Bank that do not form part of the Mortgage Repo Class Collateral. Each payment into the Barclays Cash Account is intended to be tracked using a tracking reference unique to the related mortgage asset, in order to associate the funds received with such transaction. However, no assurance can be given that such tracking reference will be correctly associated with each payment, or maintained as being uniquely associated with the particular transaction. Identifying funds relating to the Mortgage Repo Class Collateral in a commingled

account may not be possible if the LLP or the Collateral Agent as transferee of Seller's rights sought to do so, particularly in the absence of, or the event of an error in, the transaction identification process. If the Seller is unable to identify amounts in the Barclays Cash Account as being identifiable cash proceeds for purposes of the Uniform Commercial Code, neither the LLP nor the Collateral Agent would have a perfected or priority security interest in such collections. In such circumstances there is a risk of the LLP or the Collateral Agent on its behalf incurring delays and expenses while the competing claims to such funds are resolved, and a risk that realisation of proceeds is insufficient to meet all the Mortgage Repo Payment Amounts that are Due for Payment under the LLP Undertaking (Mortgage Repo).

Upon the occurrence of a Repurchase Event of Default of the Seller, the Collateral Agent on behalf of the LLP will be entitled to direct the Underlying Sellers to make payments to an account identified by the Collateral Agent and which will be subject to the lien and control of the Collateral Agent under the Mortgage Asset Security Agreement. To facilitate this process, the Seller will make commercially reasonable efforts to deliver to each Underlying Seller and the applicable Sub-Custodian a notice of the repurchase arrangements between the Seller and the LLP, and the pledge by the LLP of its interest in the Mortgage Repo Class Collateral to the Collateral Agent, however such notice is informational in nature only and would not be effective under the Uniform Commercial Code to establish the LLP's or Collateral Agent's direct rights against the Underlying Seller as transferee of the Seller's interest in the Underlying Seller Documents. See "*Exhibit I—Mortgage Repo Class Transaction Documents—Mortgage Asset Repurchase Agreements*" and "*Exhibit I—Mortgage Repo Class Transaction Documents—The Mortgage Asset Security Agreement*."

Risks Related to the Trust Receipts

Each Trust Receipt is intended to represent the LLP's interest in the Mortgage Repo Class Collateral. As described under "*Exhibit I—Mortgage Repo Class Transaction Documents—Mortgage Repo Custodial Agreements*" herein, prior to the exercise of remedies, each Trust Receipt will represent both Mortgage Repo Class Collateral for one or more Mortgage Repo Classes, and potentially mortgage assets that are not the property of the LLP; the exact content of the Mortgage Repo Class Collateral will be available in the most recently-available Mortgage Repo Investor Allocation Report. Upon the exchange of the Trust Receipts in the circumstances described under "*Exhibit I—Mortgage Repo Class Transaction Documents—Mortgage Repo Custodial Agreements*" herein, the Collateral Agent will hold a Trust Receipt that reflects only the Mortgage Repo Class Collateral for each applicable Mortgage Repo Class. There is a risk of delay and expense associated with such exchange of the Trust Receipts. In addition, the LLP and the Collateral Agent are reliant upon the Mortgage Custodian to ensure that the Mortgage Repo Investor Allocation Report correctly tracks the Mortgage Repo Class Collateral. Errors in the Mortgage Repo Investor Allocation Report may further delay the exchange of the Trust Receipts as referenced above, or require the correction of errors in one or more exchanged Trust Receipt to ensure that it correctly reflects the Mortgage Repo Class Collateral for each applicable Class, resulting in further delay and expense.

In addition, one of the remedies available to the Collateral Agent, as described under "*Exhibit I—Mortgage Repo Class Transaction Documents—The Mortgage Asset Security Agreement*" herein, will be to dispose of the Trust Receipts that are intended to represent the LLP's interest in the Mortgage Repo Class Collateral. No Trust Receipt is a security or instrument of a type commonly traded in the market, and no ready market for any Trust Receipt currently exists or is expected to exist. There is a risk that disposition of such an illiquid asset may not realise as much as realising upon the underlying collateral, i.e. the mortgage assets. Any of the foregoing risks may result in proceeds insufficient to meet all the Mortgage Repo Payment Amounts that are Due for Payment under the LLP Undertaking (Mortgage Repo).

Risks Related to Realisation Upon Mortgage Assets

It is customary in the market for sellers of mortgage assets to offer certain representations and warranties relating to the mortgage assets offered for sale, and to grant prospective purchaser the opportunity to conduct due diligence of the mortgage assets. If the Collateral Agent is in a position to realise upon the mortgage assets forming the Mortgage Repo Class Collateral in circumstances where both the Seller and the Underlying Seller are in default of their respective obligations, there is a risk that the realisable value of the Mortgage Repo Class Collateral may be reduced as a result of: neither the LLP nor the Collateral Agent making representations or warranties with respect to the mortgage assets to a prospective purchaser, the LLP not being the mortgagee of record for the related mortgage loans, and any defects in the origination or servicing of the mortgage loans, whether or not the same have been discovered,

and associated regulatory and other matters, none of which the LLP or the Collateral Agent will be in a position to cure.

There is a risk that the effect of any or all of the foregoing would materially reduce the realisable value of the mortgage assets forming the Mortgage Repo Class Collateral, resulting in proceeds insufficient to meet all the Mortgage Repo Payment Amounts that are Due for Payment under the LLP Undertaking (Mortgage Repo).

Risks Related to Geographic and Other Concentrations in Mortgage Assets

Adverse economic conditions and natural disasters in regions or states with a higher concentration of mortgage assets included in the Mortgage Repo Class Collateral will have a disproportionate impact on the rate of delinquencies, defaults and losses on such mortgage assets than if fewer of such mortgage assets included in the Mortgage Repo Class Collateral were concentrated in those regions or states. No assurance can be given that the particular mortgage assets forming Mortgage Repo Class Collateral will be geographically dispersed in a way that ameliorates these risks, or are in areas that are less prone to such risks.

Certain types of commercial mortgage assets are susceptible to risks associated with tenant concentrations. These include retail, office and industrial properties. A tenant concentration can arise if a mortgaged property is owner occupied, leased to a single tenant, or if any tenant makes up a significant portion of the rental income at the mortgaged property. In the event of a default by that tenant, if the related lease expires prior to the mortgage loan maturity date and the related tenant fails to renew its lease, or if such tenant exercises an early termination option, there would likely be an interruption of rental payments under the lease and, accordingly, the risk of insufficient funds being available to the borrower to pay the debt service on the mortgage loan. In certain cases where the tenant owns the improvements on the mortgaged property, the related borrower may be required to purchase such improvements in connection with the exercise of its remedies. Concentrations of particular tenants among mortgaged properties or within a particular business or industry at one or multiple mortgaged properties increase the possibility that financial problems with such tenants or such business or industry sectors could affect the commercial mortgage assets included in the Mortgage Repo Class Collateral. In addition, commercial mortgage assets may be adversely affected if a tenant at the mortgaged property is highly specialised, or dependent on a single industry or only a few customers for its revenue.

Risks Relating to Laws and Regulations Applicable to Mortgage Loans

The origination and servicing of mortgage loans, particularly residential mortgage loans, is a highly regulated activity. The LLP will not be conducting any due diligence with respect to the mortgage assets forming the Mortgage Repo Class Collateral, and as such likely will not discover any violations of applicable laws or requirements in the origination and servicing of such mortgage loans (or the mortgage loans underlying the related mortgage assets) until after they have been purchased by it as Purchased Assets. There is a risk that any such violation could materially reduce the realisable value of the mortgage assets forming the Mortgage Repo Class Collateral, resulting in proceeds insufficient to meet all the Mortgage Repo Payment Amounts that are Due for Payment under the LLP Undertaking (Mortgage Repo). The following paragraphs identify areas of regulation and process where the risk of violations may arise with respect to mortgage loans.

Risks Associated With General Legal Considerations

State laws generally regulate interest rates and other charges on mortgage loans, and require certain disclosures and require licensing of residential mortgage loan originators and servicers. Certain jurisdictions may also require licensing of commercial mortgage loan originators. In addition, state laws, public policy and general principles of equity relating to the protection of consumers, unfair and deceptive practices and debt collection practices may apply to the origination, servicing and collection of mortgage assets forming part of the Mortgage Repo Class Collateral. Violations of certain provisions of federal, state and local laws by an originator, prior servicer, a servicer or any subservicer, the failure of any servicer or subservicer, or their personnel, to be properly licensed or otherwise approved to perform their contemplated duties, or apply for any exemptions from licensing or approval requirements, and actions by governmental agencies, authorities and attorneys general, may limit the ability to collect all or part of the principal of, or interest on, the mortgage loans forming the Mortgage Repo Class Collateral. Violations could also subject the entity that originated or modified such mortgage loans to damages and administrative enforcement (including disgorgement of prior interest and fees paid). In particular, an Underlying Seller's failure to comply with certain

requirements of federal and state laws could subject such Underlying Seller (and, in some circumstances, its assignees) to monetary penalties, recoupment/set-offs, or result in the obligors rescinding such mortgage loans, even if a subsequent holder, such as the LLP, was not responsible for and was unaware of those violations. These adverse consequences vary depending on the applicable state law and may vary depending on the type or severity of the violation, but may include for residential mortgage loans, the homeowner's ability to rescind, or cancel, the mortgage loan, the mortgage loan holder's inability to collect all of the principal and interest otherwise due on the mortgage loan, and the homeowner's right to a refund of amounts previously paid (which may include amounts financed by the mortgage loan), or to set off those amounts against his or her future loan obligations. In addition the servicer and loan owner may have liability for actual damages, statutory damages and punitive damages, civil or criminal penalties, costs, and attorneys' fees for the related mortgage loan.

The commercial mortgage assets included in the Mortgage Repo Class Collateral may be impacted by various laws and regulations. A borrower may be required to incur costs to comply with the applicable zoning, land use, building, fire and health ordinances, as well as the Americans with Disabilities Act of 1990 and similar local statutes, rules, regulations and orders applicable to commercial properties. The expenditure of these costs or the imposition of injunctive relief, penalties or fines in connection with the borrower's noncompliance could negatively impact the borrower's cash flow and, consequently, the value of the related mortgage assets.

The residential mortgage loans included in the Mortgage Repo Class Collateral are subject to various federal laws, including, but not limited to, the following:

- TILA (as defined below) and Regulation Z (as defined below) promulgated under TILA, which (among other things) require certain disclosures to borrowers regarding the terms of loans – including disclosures provided in advance of loan origination and (in some cases) on periodic statements and in advance of rate adjustments, and disclosures or loan transfers – and provide consumers who pledged their principal dwelling as collateral in a non-purchase money transaction with a right of rescission that generally extends for three (3) days after proper disclosures are given, and otherwise regulate mortgage transactions, such as by restricting compensation paid to loan brokers and otherwise regulating broker practices, restricting advertising practices and requiring that certain terms be included in advertisements, prohibiting arbitration provisions, limiting prepayment fees in certain circumstances, mandating escrow accounts for certain loans, requiring prompt crediting of payments, prohibiting certain practices relating to appraisals and requiring lenders to consider the ability of the consumer to repay certain loans.
- The Real Estate Settlement Procedures Act ("**RESPA**") and Regulation X promulgated under RESPA, which (among other things) prohibit the payment of referral fees for real estate settlement services (including mortgage lending and brokerage services) and regulate escrow accounts for taxes and insurance and billing inquiries made by borrowers.
- The CFPB's Know Before You Owe TILA – RESPA Integrated Disclosure (or "**TRID**") rule, which requires certain disclosures to the mortgagors regarding the terms of a residential mortgage loan.
- The Equal Credit Opportunity Act ("**ECOA**") and Regulation B promulgated under ECOA, which prohibit discrimination on the basis of age, race, colour, sex, religion, marital status, national origin, receipt of public assistance or the exercise of any right under the Consumer Credit Protection Act, in the extension of credit.
- The Fair Credit Reporting Act, which regulates the use and reporting of information related to the mortgagor's credit experience.
- The Relief Act, which may require interest rate reductions, and temporary suspension of legal proceedings that may adversely affect the rights of servicemembers, during their military service.
- The Helping Families Save Their Homes Act of 2009 (the "**Homes Act**") amends TILA to require purchasers or assignees of mortgage loans secured by a borrower's principal dwelling to mail or deliver notice to borrowers of the sale or transfer of their mortgage loan no later than thirty (30) days after a sale or transfer.

In addition, federal law provides that both residential and commercial properties purchased or improved with assets derived from criminal activity or otherwise tainted, or used in the commission of certain offenses, can be seized and ordered forfeited to the United States of America. The offenses which can trigger such a seizure and forfeiture include, among others, violations of the Racketeer Influenced and Corrupt Organizations Act, the Bank Secrecy Act, the anti-money laundering laws and regulations, including the USA Patriot Act of 2001 and the regulations issued thereunder, as well as the narcotic drug laws. In many instances, the United States may seize the property

even before a conviction occurs.

There is a risk that any violation of these laws and requirements could materially reduce the realisable value of mortgage assets forming part or all of the Mortgage Repo Class Collateral, resulting in proceeds insufficient to meet all the Mortgage Repo Payment Amounts that are Due for Payment under the LLP Undertaking (Mortgage Repo).

Recent Trends in the Mortgage Market May Adversely Affect Recoveries

There is a risk that disruptions and changes in the market for mortgage loans may affect the ability of the Collateral Agent to realise upon the mortgage assets forming part or all of the Mortgage Repo Class Collateral in order to realise proceeds sufficient to meet all the Mortgage Repo Payment Amounts that are Due for Payment under the LLP Undertaking (Mortgage Repo). Changes in the primary (origination) market for mortgage loans can negatively affect the value of mortgage loans originated under earlier standards.

In recent years, the real estate and securitisation markets, including the market for residential and commercial mortgage-backed securities, experienced significant dislocations, illiquidity and volatility. Any economic downturn may adversely affect the financial resources of borrowers under residential and commercial mortgage loans and may result in their inability to make payments on, or refinance, their outstanding mortgage debt when due or to sell their mortgaged properties for an aggregate amount sufficient to pay off the outstanding debt when due.

In response to increased delinquencies and losses with respect to residential and commercial mortgage loans, many residential and commercial mortgage loan originators have implemented more restrictive underwriting criteria for such mortgage loans, which has resulted in reduced availability of refinancing alternatives for borrowers. The final rules relating to the ability-to-repay and qualified mortgage standards under the federal Truth in Lending Act ("**TILA**"), promulgated by the Consumer Financial Protection Bureau (the "**CFPB**") and effective with respect to applications for residential loans taken on or after January 10, 2014 (the "**ATR Compliance Date**"), has further limited the availability of residential mortgage loan refinancing alternatives, as described more fully under "*Financial Regulatory Reforms and Additional Proposed Regulations Could Have a Significant Impact on Recoveries*" below. The risks relating to reduced refinancing alternatives described above would be exacerbated to the extent that prevailing mortgage interest rates increase from current levels. Any real property price depreciation may also leave borrowers with insufficient equity in their properties to enable them to refinance. Borrowers who intend to sell their properties on or before the maturity of their mortgage loans may find that they cannot sell their property for an amount equal to or greater than the unpaid principal balance of their mortgage loans. While some residential mortgage loan originators and servicers have created or otherwise are participating in modification programs in order to assist residential mortgage borrowers with refinancing or otherwise meeting their payment obligations, not all residential mortgage borrowers will qualify for or will take advantage of these opportunities.

In response to these circumstances, federal, state and local authorities have enacted and continue to propose new legislation, rules and regulations relating to the origination, servicing and treatment of residential mortgage loans in default or in bankruptcy. These initiatives could result in delayed or reduced collections from mortgagors, limitations on the foreclosure process and generally increased servicing costs. Certain of these initiatives could also permit the Servicers to take actions, such as with respect to the modification of residential mortgage loans, which might adversely affect the Mortgage Repo Class Collateral, without any remedy or compensation to the Mortgage Repo Noteholders.

The conservatorships of Fannie Mae and Freddie Mac in September 2008 have impacted both the real estate market and the value of real estate assets generally. While Fannie Mae and Freddie Mac currently act as the primary sources of liquidity in the residential mortgage markets, both by purchasing mortgage loans for their own portfolios and by guaranteeing mortgage-backed securities, their long-term role is uncertain as federal legislators have proposed reducing and eventually eliminating their role in the residential mortgage markets. Further, no prediction can be made regarding what regulatory and legislative policies may be forthcoming from either congressional or executive branch action. A reduction in the ability of residential mortgage loan originators to access Fannie Mae and Freddie Mac to sell their mortgage loans may adversely affect the financial condition of residential mortgage loan originators. In addition, any decline in the value of securities issued by Fannie Mae and Freddie Mac may affect the value of residential mortgage-backed securities in general, which in turn can affect the value of the Mortgage Repo Class Collateral.

These adverse changes in market and credit conditions have had, and may continue to have, the effect of substantially reducing the liquidity of mortgage loans and mortgage assets. These developments may adversely affect the performance, marketability and overall recoveries on the Mortgage Repo Class Collateral.

Financial Regulatory Reforms Could Have a Significant Impact on Recoveries

In response to the financial crisis, Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**"), which was signed into law on July 21, 2010. The Dodd-Frank Act requires the creation of new federal regulatory agencies, and grants additional authorities and responsibilities to existing regulatory agencies to identify and address emerging systemic risks posed by the activities of financial services firms. The Dodd-Frank Act also provides for enhanced regulation of derivatives and mortgage-backed securities offerings, restrictions on executive compensation and enhanced oversight of credit rating agencies. Additionally, the Dodd-Frank Act established the CFPB within the Federal Reserve System, a new consumer protection regulator tasked with regulating consumer financial services and products. The Dodd-Frank Act also limits the ability of federal laws to preempt state and local consumer laws.

The Dodd-Frank Act significantly increases the regulation of the financial services industry, including by imposing increased prudential standards on systemically significant institutions. Proposals for legislation further regulating the financial services industry are continually being introduced in the U.S. Congress and in state legislatures. Congress continues to consider extensive changes to the laws regulating financial services firms, including bills that address risks to the economy. Increased regulation of the financial services industry may impact the ability of financial institutions to provide financing for consumers, which may impact the ability of underlying mortgage borrowers to make their monthly mortgage payments.

The Dodd-Frank Act requires that federal banking regulators amend their regulations such that capital charges imposed on banking institutions are determined to a lesser extent on the ratings of their investments. New regulations have been proposed, some of which have been adopted as final rules while others remain pending. Such regulations, including those that have been proposed to implement the more recent Basel internal ratings based and advanced measures approaches, may result in greater capital charges to financial institutions that own asset-backed securities or mortgage-backed securities, or otherwise adversely affect the attractiveness of investments in asset-backed securities and mortgage-backed securities for regulatory capital purposes.

The Dodd-Frank Act also prohibits lenders from originating residential mortgage loans unless the lender determines that the borrower has a reasonable ability to repay the loan using specified criteria. Failure to comply with the "ability to repay" ("**ATR**") criteria may result in the Underlying Seller and its assignee(s) being exposed to, among other things, civil liability and a borrower's ability to bar or postpone foreclosure proceedings with respect to the related mortgaged property. Under the Dodd-Frank Act, generally a lender and its assignees will not have liability under this prohibition with respect to mortgages underwritten in accordance with specific criteria that do not include certain loan features and contain limited points and fees known as "qualified mortgages." The CFPB has issued final rules (the "**ATR Rules**"), which became effective for residential mortgage loans for which the application was taken on or after the ATR Compliance Date, specifying the characteristics of a "qualified mortgage" for this purpose ("**Qualified Mortgages**"). Interest-only loans, certain "hybrid" residential mortgage loans and most balloon loans, as well as residential loans with a debt-to-income ratio exceeding 43%, loans where the borrower's debt-to-income ratio was calculated without strict compliance with Appendix Q of Regulation Z ("**Appendix Q**") or loans made for business purposes (i.e., investment properties and other commercial mortgage loans), in general are among the loan products that do not constitute Qualified Mortgages. The ATR Rules, among other things, require that originators follow certain procedures and obtain certain documents in order to make a reasonable good-faith determination of a borrower's ability to repay a mortgage loan. The ATR Rules may result in a reduction in the availability of these types of loans in the future and may adversely affect the ability of mortgagors to refinance mortgage loans included in Mortgage Repo Class Collateral. No assurances can be given as to the effect of the ATR Rules on the value or marketability of any Mortgage Repo Class Collateral. Various state and local jurisdictions may adopt similar or more onerous provisions in the future. No prediction can be made as to how these laws and regulations relating to assignee liability may affect the market value of the Mortgage Repo Class Collateral. In addition, the ATR Rules may adversely affect the market generally for mortgage-backed securities, thereby reducing the liquidity of the mortgage assets that form the Mortgage Repo Class Collateral. Any of the foregoing may result in a diminution in value of the Mortgage

Repo Class Collateral, resulting in proceeds insufficient to meet all the Mortgage Repo Payment Amounts that are Due for Payment under the LLP Undertaking (Mortgage Repo).

In connection with the establishment of the ATR Rules, the CFPB created enhanced legal protection for originators if they originated a residential loan to a more restrictive credit standard than just determining a borrower's ability to repay. The ATR Rules specify the characteristics of a Qualified Mortgage and two levels of presumption of compliance with the ATR Rules, a safe harbour presumption that provides lenders with a safe harbour from liability if certain requirements are satisfied ("**Safe Harbour Qualified Mortgages**") and a rebuttable presumption ("**Rebuttable Presumption Qualified Mortgages**") if certain requirements are satisfied but the annual percentage rate of the loan exceeds certain thresholds higher-priced covered transactions. A Qualified Mortgage must meet each of the following criteria: (1) terms of the mortgage loan must not include any negative amortization, interest only payments or balloon payments other than in certain limited circumstances, (2) the loan term cannot exceed 30 years, (3) the lender must verify borrower income, (4) points and fees paid by the borrower cannot exceed 3% of the total loan amount in most cases, (5) the lender must calculate monthly payments based on the highest monthly payments required any time during the first five years of the loan and the total "back end" debt-to-income ratio cannot exceed 43% and (6) the verification of income and assets and determination of the debt-to-income ratio must be in accordance with Appendix Q. In addition, a mortgage loan will also be considered a Qualified Mortgage and provide lenders with a safe harbour from liability or a rebuttable presumption if certain requirements are met and such mortgage loan conformed to the guidelines of Fannie Mae and Freddie Mac at the time of origination and were eligible to be purchased by Fannie Mae or Freddie Mac ("**Agency Qualified Mortgages**"). No assurance is given that any Eligible Asset is a Safe Harbour Qualified Mortgage, Rebuttable Presumption Qualified Mortgage or Agency Qualified Mortgage, and there is a risk that the market for residential mortgage loans that are not Safe Harbour Qualified Mortgages, Rebuttable Presumption Qualified Mortgages or Agency Qualified Mortgages will be limited. A limited market may result in a diminution in value of the Mortgage Repo Class Collateral, resulting in proceeds insufficient to meet all the Mortgage Repo Payment Amounts that are Due for Payment under the LLP Undertaking (Mortgage Repo).

In addition to the Dodd-Frank Act, the value of the mortgage loans, particularly residential mortgage loans, forming the Mortgage Repo Class Collateral may be adversely affected by other legislative and regulatory actions at the federal, state, and local levels, including by legislation or regulatory action that changes the loss mitigation, pre-foreclosure and foreclosure processes. For example, such value could be negatively affected by legislative, regulatory or judicial action that: (a) changes the foreclosure process in any individual state; (b) limits or otherwise adversely affects the rights of a holder of a first lien on a mortgage (e.g., by granting priority rights in residential foreclosure proceedings for homeowner associations); (c) expands the responsibilities of (and costs to) servicers for maintaining vacant properties prior to foreclosure; or (d) permits or requires principal reductions, such as allowing local governments to use eminent domain to seize mortgage loans and forgive principal on the mortgage loans. These actions could delay the foreclosure process, and could increase expenses, including by potentially delaying the final resolution of seriously delinquent mortgage loans and the disposition of non-performing assets, and could result in proceeds insufficient to meet all the Mortgage Repo Payment Amounts that are Due for Payment under the LLP Undertaking (Mortgage Repo).

In 2004, the SEC adopted a comprehensive body of regulations relating to asset-backed securities that took effect in 2006 ("**Regulation AB**"). In 2014, the SEC issued final rules that substantially revised Regulation AB and other rules regarding the offering process, disclosure and reporting for publicly-issued asset-backed securities. Among other things, the final rules require (i) enhanced disclosure of loan level information at the time of securitisation and on an ongoing basis for residential mortgage-backed securities publicly offered after the applicable transition period and (ii) that the transaction agreements provide for review of the underlying assets by an independent credit risk manager if certain trigger events occur, as well as specified repurchase dispute resolution procedures, for residential mortgage-backed securities publicly offered after the applicable transition period under a shelf registration. Although the transaction described in the Base Prospectus and as to which this Prospectus Supplement relates, is not presently subject to the requirements of these rules, no prediction can be made as to what effect the rules will have on the liquidity and market value of mortgage-backed securities, or on the liquidity and market value of the Mortgage Repo Class Collateral. In addition, no prediction can be made as to whether the Mortgage Repo Notes, which are not expected to be subject to all of the requirements included in such rules, may be less marketable than traditional mortgage-backed securities (both residential and commercial mortgage-backed securities) that are offered in compliance with such rules.

Payment Shortfalls Due to the Servicemembers Civil Relief Act

The Servicemembers Civil Relief Act, or "**Relief Act**," provides relief to residential borrowers who enter active military service and to borrowers in reserve status who are called to active duty after the origination of their mortgage loan. The Relief Act provides generally that a residential borrower who is covered by the Relief Act may not be charged interest on a mortgage loan in excess of 6% per annum during the period of the borrower's active duty. Current or future military operations of the United States may result in an increase in the number of borrowers who may be in active military service, and the activation of additional U.S. military reservists or members of the National Guard, which may in turn significantly increase the proportion of residential mortgage loans whose mortgage rates are reduced by application of the Relief Act. Interest shortfalls on the mortgage loans due to the application of the Relief Act or similar legislation or regulations generally would not be reimburseable to the holders of the related mortgages. The Relief Act also limits the ability of a servicer to foreclose on a residential mortgage loan during the borrower's period of active duty and, in some cases, during an additional period thereafter.

No assurance can be given as to whether or not mortgage assets forming Mortgage Repo Class Collateral have been or may be affected by the application of the Relief Act or similar legislation or regulations. To the extent that the effect of the Relief Act or such similar legislation or regulations is to reduce the value of the related residential mortgage loan, such reduced value may result in reduced recoveries in respect of Mortgage Repo Class Collateral.

Risks Relating to 'Wet' Funded Mortgage Loans

Some categories of Eligible Assets permit the original mortgage note not to have been delivered to the applicable Sub-Custodian, and/or the original mortgage not to have been recorded in the applicable recording office and returned to such Sub-Custodian, by the time the mortgage loan (or a mortgage asset related to such mortgage loan) is subjected to a Mortgage Repurchase Transaction. This is known as wet funding and can occur with respect to both residential and commercial mortgage loans. In such cases, there is a greater risk that a mortgage loan could be fraudulently presented as having been duly originated, or fraudulently pledged to another secured party in another transaction, and that such fraud may not be detected before the mortgage loan is included in a Mortgage Repurchase Transaction. Until the original mortgage, together with a valid assignment by the originator of such mortgage in blank, and the original mortgage note endorsed by the originator in blank, are held and checked by the applicable Sub-Custodian, and evidenced by the Trust Receipt issued to the Mortgage Custodian on behalf of the LLP, the LLP's interest in such mortgage loan is subject to these risks of fraud and dishonesty. If a mortgage loan (or a mortgage asset related to such mortgage loan) that forms part of the Mortgage Repo Class Collateral is affected by such fraudulent or dishonest conduct, such mortgage asset will be deemed ineligible and must be repurchased by the Seller from the LLP, and by the Underlying Seller under the Underlying Repo Documents. If the Underlying Seller and the Seller have not repurchased such ineligible mortgage asset and an Acceleration Event has occurred and such ineligible mortgage asset remains in the Mortgage Repo Class Collateral, there is a risk of materially diminished value for such mortgage asset, and realisation of proceeds insufficient to meet all the Mortgage Repo Payment Amounts that are Due for Payment under the LLP Undertaking (Mortgage Repo).

Risks Relating to Reverse Residential Mortgage Loans and Residential HECM Loans

Some types of Eligible Assets include reverse mortgage loans. Under a reverse mortgage loan, the borrower is entitled to receive payments from the lender over the life of the applicable availability period. The amount of such advances, plus interest, are aggregated and become due upon the occurrence of certain triggering events specified in the mortgage (such as the death of the borrower or spouse, or permanent relocation away from the mortgaged property). Under the mortgage, the property must be sold within a certain period (generally six months) after the occurrence of the triggering event, and the proceeds remitted to the lender. "Home Equity Conversion Mortgages" or HECM loans, are a type of reverse mortgage, originated in compliance with guidelines established by the Federal Housing Authority ("**FHA**") , and insured by the FHA. Because reverse mortgage loans are, by definition, borrowing against the equity value the homeowner has in the mortgaged property, if the value of the mortgaged property falls, the homeowner may have little or no equity in the property at the time the mortgage comes due. In such circumstances, the homeowner, or their estate, may elect to abandon the property which would necessitate the lender foreclosing upon it and selling the property. Reverse mortgage loans, including HECM loans, are nonrecourse loans and if a borrower or a borrower's estate does not pay the amount due with respect to a reverse mortgage loan or other HECM loan, the borrower's payment obligation can be satisfied only by selling the mortgaged property securing such loan. There can be no recourse against the income or other assets of a borrower or the estate. In addition, the lender generally must ensure that property taxes are timely paid so as to avoid a priming lien on the mortgaged property for unpaid taxes. Similarly,

and as with conventional mortgages, homeowners insurance is required to be maintained to preserve the value of the property against various hazards. Although the borrower is usually required to make these tax and insurance payments, if they fail to do so, the lender (or servicer) will generally advance funds necessary to make such payments. The cost and delays in the process of foreclosure, the delay in selling the property after a triggering event, and the possibility of advances to maintain tax and insurance payments, mean that there is a risk of diminished value for reverse mortgage loans including HECM loans, and realisation of proceeds insufficient to meet all the Mortgage Repo Payment Amounts that are Due for Payment under the LLP Undertaking (Mortgage Repo).

The procedures and the expertise required to service reverse mortgage loans including HECM loans differ from the procedures and expertise required to service conventional mortgage loans. A servicer of reverse mortgage loans is not responsible for collection of monthly payments. Instead, the servicer must protect the collateral for the mortgage loan by monitoring borrower occupancy of the related mortgaged property, payment by the borrower of taxes and insurance premiums and maintenance by the borrower of the related mortgaged property. Additionally, for HECM loans the servicer must promptly pay the FHA mortgage insurance premium payment on the related mortgage loan. The servicer may enter into a "workout" for the payment of delinquent taxes and insurance with the borrower, but as a general matter the terms of the mortgage note are never modified because the mortgage loan itself can never be delinquent.

If any Eligible Asset that is a reverse mortgage loan or HECM loan still has undrawn amounts at the time it is subject to a Mortgage Repurchase Transaction, the obligation to advance such amounts will be borne by the Underlying Seller. In the event that the Underlying Seller fails to make such advances, the related mortgage loan would no longer be an Eligible Asset and must be repurchased by the Seller under the Mortgage Repurchase Agreement. The LLP is not intended to bear the liability to make future advances under any reverse mortgage loan or HECM loan included as part of the Mortgage Repo Class Collateral.

Risks Relating to Government-Insured or Guaranteed Residential Mortgage Loans

Certain of the Eligible Assets are expected to benefit from insurance payments to be made by the United States federal government or an agency thereof. If any of the related residential mortgage loans is non-performing, little or no cash will be available for payments to the LLP or any prospective purchaser of such non-performing mortgage loan unless (1) the related mortgaged property is liquidated and, in the case of FHA-insured mortgage loans, the United States Department of Housing and Urban Development ("**HUD**") pays any claims for insurance benefits with respect to such mortgage loan, (2) the borrower or, for HECM loans, such borrower's estate, repays such mortgage loan, (3) the mortgage loan meets applicable requirements for an assignment to HUD for payment by HUD of insurance benefits or (4) if the property relating to such mortgage loan becomes real estate owned, such property is liquidated. Any non-performing residential mortgage loan that becomes real estate owned would no longer be an Eligible Asset and must be repurchased by the Seller under the Mortgage Repurchase Agreement. Similar government insurance or guarantee programs are operated by the Veterans Administration ("**VA**") , the Rural Housing Authority, and other agencies. Accordingly, recovery on HECM loans and non-performing government-insured mortgage loans that are Eligible Assets will depend to a significant extent on receipt of FHA or other similar government guaranty or insurance payments.

Recovery on such mortgage assets will depend on HUD making payments on FHA-insured mortgage loans, or on receipt of other guaranty or insurance payments from the applicable agency. As described above in "*Risks Relating to Servicing*," any failure by the servicer to have the applicable licenses and approvals with respect to government loans (and, specifically, the separate approval for HECM loans, if applicable) may limit its ability to recover FHA or other guaranty or insurance payments. For instance, the amount of interest payable under the FHA insurance for any HECM loan may be curtailed as a result of a servicing error or a failure by the servicer to comply with the HUD HECM guidelines. In recent years, HUD has been more aggressive in curtailing the amount of interest payable under FHA insurance. Moreover, the insurance provided by HUD in several situations will not cover all interest and principal on the related mortgage loan. In addition, the maximum claim amount for a HECM loan is generally limited to the lesser of the appraised value of the related mortgaged property at origination or the related FHA loan limit at the time of origination, and any recovery of FHA insurance may be further limited by deductions and costs, prepayments and the receipt of interest for certain periods at the HUD debenture rate rather than the interest rate on the related mortgage loan.

Mortgage Repo Noteholders will not have any direct rights against HUD or the FHA, or any other government agency, with respect to the contract of insurance applicable to any mortgage loan. Consequently, Mortgage Repo Noteholders will have to rely on the ability of the mortgagee and servicer to enforce any claims against HUD or the FHA, or other government agency. The LLP is not an approved FHA mortgagee and is not approved to hold FHA-insured mortgage loans. HUD regulations may require that the commissioner of HUD approve the transfer of the mortgage loans to the LLP. The LLP has not and will not seek such HUD approval. The Bank in the ordinary course of providing mortgage repurchase warehouse financing relies on third parties, including its affiliates, with the requisite approvals to hold such mortgage loans for liquidation and the making of any FHA insurance claims upon any foreclosure. Upon any foreclosure, the LLP (or the Collateral Agent on its behalf) may similarly assign such mortgage loans to a third party that holds the requisite licenses. There can be no assurance that any such third party will be available or willing to purchase any part of the Mortgage Repo Class Collateral at a time when the Seller and the Underlying Seller are in default.

Risks Associated with Commercial Mortgage Assets Generally

The property types underlying Eligible Assets that are commercial mortgage assets include multifamily, office, retail, hospitality, industrial, self-storage, mixed-use and manufactured housing communities. The commercial mortgage assets may be in the form of whole senior loans, *pari passu* senior loans, senior participations in senior loans, and *pari passu* senior participations in senior loans. B notes and other junior or subordinated interests, and mezzanine loans, are not eligible to be treated as Eligible Assets. Moreover, the rights of the holder of such interests can bear upon the interests of the holders of other interests in commercial mortgage loans, including senior interests. Some of the mortgage loans are of a size typically referred to as 'small balance' commercial mortgage loans, and others are of a size typically treated as commercial mortgage loans. The following are risks associated with various categories of commercial mortgage assets, and are not intended to be an exhaustive list of possible risks. In each case, the risk to investors in the Mortgage Repo Notes is that the value of the associated mortgage loan may be reduced, and could result in proceeds insufficient to meet all the Mortgage Repo Payment Amounts that are Due for Payment under the LLP Undertaking (Mortgage Repo).

Risks of Commercial Mortgage Lending Generally

Commercial mortgage loans are secured by various income producing commercial properties. The repayment of a commercial mortgage loan is typically dependent upon the ability of the related mortgaged property to produce cash flow through the collection of rents. Even the liquidation value of a commercial property is determined, in substantial part, by the capitalization of the property's ability to produce cash flow. However, net operating income can be volatile and may be insufficient to cover debt service on the loan at any given time. The net operating incomes and property values of commercial mortgaged properties may be adversely affected by a large number of factors, some of which relate to the properties themselves, such as the age, design and construction quality of the properties; perceptions regarding the safety, convenience and attractiveness of the properties; the characteristics and desirability of the area where the property is located; the strength and nature of the local economy, including labour costs and quality, tax environment and quality of life for employees; the proximity and attractiveness of competing properties; the adequacy of the property's management and maintenance; increases in interest rates, real estate taxes and operating expenses at the property and in relation to competing properties; an increase in the capital expenditures needed to maintain the properties or make improvements; the dependence upon a single tenant or concentration of tenants in a particular business or industry; a decline in the businesses operated by tenants or in their financial condition; an increase in vacancy rates; and a decline in rental rates as leases are renewed or entered into with new tenants.

Other factors are more general in nature, such as: national or regional economic conditions, including plant closings, military base closings, industry slowdowns, oil and/or gas drilling facility slowdowns or closings and unemployment rates; local real estate conditions, such as an oversupply of competing properties, retail space, office space, multifamily housing or hotel capacity; demographic factors; consumer confidence; consumer tastes and preferences; political factors; environmental factors; seismic activity risk; retroactive changes in building codes; changes or continued weakness in specific industry segments; location of certain mortgaged properties in less densely populated or less affluent areas; and the public perception of safety.

The volatility of net operating income will be influenced by many of the foregoing factors, as well as by: the length of tenant leases (including that in certain cases, all or substantially all of the tenants, or one or more sole, anchor or

other major tenants, at a particular mortgaged property may have leases that expire or permit the tenant(s) to terminate its lease during the term of the loan); the quality and creditworthiness of tenants; tenant defaults; in the case of rental properties, the rate at which new rentals occur; and the property's operating leverage, which is generally the percentage of total property expenses in relation to revenue, the ratio of fixed operating expenses to those that vary with revenues, and the level of capital expenditures required to maintain the property and to retain or replace tenants.

Certain of the commercial mortgage loans represent financings of properties that have undergone or are currently undergoing renovation, construction and/or re-tenanting or other repositioning. The cash flow at origination for such properties was not considered stabilized and the underwriting for such properties was calculated based on certain assumptions, including assumptions regarding the renovations, lease-up, occupancy and rental rates. If the operating performance of such properties does not improve to the anticipated stabilized levels, (i) there may be little or no cushion against decreases in net operating income or increases in required debt service payments (on adjustable rate mortgage loans) such that changes could cause some of the borrowers to be unable to make required debt service payments on their mortgage loans and/or (ii) the borrowers may find it more difficult to refinance their mortgage loans or sell their properties at prices sufficient to pay their respective balloon payments at maturity. With respect to properties for which future renovations have been planned, to the extent that the expense of such renovations has not been covered by reserve funds or letters of credit securing the related mortgage loans, there can be no assurance that sufficient funds will be available for such renovations or that such renovations will result in improvements to occupancy or operating performance.

A decline in the real estate market or in the financial condition of a major tenant will tend to have a more immediate effect on the net operating income of properties with relatively higher operating leverage or short term revenue sources, such as short term or month-to-month leases, and may lead to higher rates of delinquency or defaults. To the extent that the mortgage assets forming part or all of the Mortgage Repo Class Collateral is a commercial mortgage loan, any or all of the foregoing may result in a diminution in value of the Mortgage Repo Class Collateral, resulting in proceeds insufficient to meet all the Mortgage Repo Payment Amounts that are Due for Payment under the LLP Undertaking (Mortgage Repo).

Risks Relating to Servicers, Master Servicers and Special Servicers

Commercial mortgage loans will have a primary servicer, and may have a master servicer and one or more special servicers. The master servicer, if applicable, oversees the primary servicing and may be required to make servicing advances and perform certain reporting and management obligations. A special servicer typically is appointed when a commercial mortgage loan is in default or is at imminent risk of default. The special servicer is appointed to manage the loan, enforce the rights of the lenders, and to make modifications and undertake other loss mitigation activities.

Each such servicer or any of their respective affiliates may have interests when dealing with the commercial mortgage loans that are in conflict with those of the LLP, especially if such servicer or any of their respective affiliates has a financial interest in the same commercial mortgage loan or another loan to the related borrower or an affiliate thereof (such as a loan), or has other financial interests in or financial dealings with a borrower or a borrower sponsor. In particular, a conflict of interest may arise if any special servicer or its affiliate holds a related subordinate interest or mezzanine loan. Such a special servicer might seek to reduce the potential for losses allocable to such subordinate interest or mezzanine loan by deferring acceleration in hope of maximizing future proceeds. However, that action could result in less proceeds than would be realized if earlier action had been taken.

Commercial mortgage loan servicers are expected to service, in the ordinary course of their respective businesses, existing and new commercial mortgage loans for third parties, including portfolios of commercial mortgage loans similar to the commercial mortgage assets that may form part or all of the Mortgage Repo Class Collateral. The real properties securing these other commercial mortgage loans may be in the same markets as, and compete with, certain of the mortgaged properties securing the commercial mortgage assets that may form part or all of the Mortgage Repo Class Collateral. Consequently, personnel of such servicers may perform services with respect to the commercial mortgage assets at the same time as they are performing services, on behalf of other persons, with respect to other commercial mortgage loans secured by properties that compete with the mortgaged properties securing the commercial mortgage assets. A special servicer may enter into one or more arrangements with its appointing party or an affiliate to provide for a discount and/or revenue sharing with respect to certain of the special servicer compensation in consideration of, among other things, such special servicer's appointment (or continuance) as special servicer.

The LLP will not have advance knowledge of any such possible conflicts or, as described below, in most cases any ability to control any such appointments or to terminate them.

Risks Relating to the LLP's Lack of Control

Commercial mortgage loans, other than those that have a single lender, generally will specify the circumstances in which one or more persons who is empowered to make certain decisions and to give or withhold consent for certain actions. For convenience, the person or persons holding these rights are herein referred to as a directing party. The directing party for each commercial mortgage asset will have consent and consultation rights with respect to certain matters relating to the commercial mortgage loans and may have the right to appoint and replace the servicer. The decision rights by the directing party generally include, among others, certain consent rights for modifications to the commercial mortgage loans, including modifications of monetary terms, foreclosure or comparable conversion of the related mortgaged properties, and certain sales of mortgage loans or REO properties for less than the outstanding principal amount plus accrued interest, fees and expenses. As a result of the exercise of these rights by the directing party, the applicable servicer may take actions with respect to a commercial mortgage asset that could adversely affect the interests of other parties, including the Underlying Seller and thus the Seller and the LLP.

The LLP generally will not be a directing party and will not have a right to vote and will not have the right to make decisions with respect to the administration of any commercial mortgage loans or commercial mortgage assets. Those decisions are generally made by the applicable servicer, master servicer and, if applicable, the special servicer, subject to any rights of any directing party. Even if the directing party with respect to one or more commercial mortgage assets were the Underlying Seller, the Underlying Seller Documents typically would not transfer the directing holder rights to the Bank as buyer for so long as the Underlying Seller is in compliance with the Underlying Seller Documents. If the Underlying Seller defaults and the Bank, as buyer, forecloses on its interest in the commercial mortgage asset, the agreements governing the asset may permit or require the transfer the directing party rights to another party (other than the Bank). Even if the directing party rights with respect to a commercial mortgage asset are held by the Bank as described above, the Mortgage Asset Repurchase Agreement does not transfer such directing holder rights to the LLP for so long as the Bank as Seller is in compliance with the Mortgage Asset Repurchase Agreement. In connection with the exercise of remedies by the Collateral Agent following an Acceleration Event, it is expected that the Collateral Agent would seek to dispose of the commercial mortgage asset in accordance with the Mortgage Repo Security Agreement, rather than have the LLP hold and substantively exercise any directing party rights.

Where the commercial mortgage asset is in the form of a pari passu senior note, the holder of that note may not have the sole, or any, control or consent rights to the whole loan. The holders of companion pari passu senior notes may have sole control or consent rights, or consultation rights (generally on a non-binding basis) with respect to major decisions and implementation of any recommended actions relating to the whole loan, under the related intercreditor agreement. Such companion pari passu senior note holder and its representative may have interests in conflict with those of the holders of the commercial mortgage asset forming part or all of the Mortgage Repo Class Collateral, and may direct or advise, as applicable, the applicable servicer to take actions that conflict with the interests of such holders. No assurance can be given that the exercise of the rights of such companion holder will not delay any action to be taken by the applicable servicer and will not adversely affect the holders of the commercial mortgage asset forming part or all of the Mortgage Repo Class Collateral. With respect to commercial mortgage loans that have mezzanine debt, the related mezzanine lender generally will have the right under certain limited circumstances to cure certain defaults or purchase the related commercial mortgage loan, and to approve certain modifications and consent to certain actions to be taken with respect to the related mortgage loan. No assurance can be given that the exercise of the rights of such a mezzanine lender will not delay any action to be taken by the applicable servicer and will not adversely affect the holders of the commercial mortgage asset forming part or all of the Mortgage Repo Class Collateral.

Risks Relating to Participation Interests

Certain of the commercial mortgage assets may be in the form of senior or pari passu senior participation interests. A participation agreement governs the relationship between the issuer of the participation interest (generally, a direct lender on the underlying commercial mortgage loan) and the holder of that participation interest. Unless the holder of a participation interest is the lead lender, such holder will not have direct contractual privity with the borrower under the related note, and may be exposed to the insolvency risk of the lead lender that sold the participation as well as to

the borrower. Pursuant to the related participation agreement, the holders of the participations generally will agree that they will assign their rights to file an involuntary bankruptcy proceeding with respect to the related borrower to the lead lender (or the applicable Lender on its behalf) and that such party will have all rights to direct all actions relating to the bankruptcy of the related borrower other than voting on a plan of reorganization, which is determined by the controlling participant under the participation agreements.

Commercial Mortgage Loans Are Non-Recourse and Are Not Insured or Guaranteed

The mortgage assets represented by commercial mortgage loans are not insured or guaranteed by any person or entity, governmental or otherwise, and the underlying commercial mortgage loans are similarly not insured or guaranteed by any person or entity, governmental or otherwise. Each commercial mortgage loan is, or should be, regarded as a non-recourse loan, secured only by the related property and the net operating income that it generates and not benefiting from any mortgage or government insurance, or secondary obligors to support the credit. If a default occurs on a non-recourse loan, recourse generally may be had only against the specific mortgaged properties and other assets that have been pledged to secure the mortgage loan. Consequently, payment prior to maturity is dependent primarily on the sufficiency of the net operating income of the mortgaged property. Payment at maturity is primarily dependent upon the market value of the mortgaged property or the borrower's ability to refinance or sell the mortgaged property.

Although commercial mortgage loans generally are non-recourse in nature, certain commercial mortgage loans may contain non-recourse carveouts for liabilities such as liabilities as a result of fraud by the borrower, certain voluntary insolvency proceedings or other matters. These obligations may be guaranteed by an affiliate of the related borrower, although liability under any such guaranty may be capped or otherwise limited in amount or scope. Furthermore, certain guarantors may be foreign entities or individuals which, while subject to the domestic governing law provisions in the guaranty and related mortgage loan documents, could nevertheless require enforcement of any judgment in relation to a guaranty in a foreign jurisdiction, which could, in turn, cause a significant time delay or result in the inability to enforce the guaranty under foreign law. Additionally, the guarantor's net worth and liquidity may be less (and in some cases, materially less) than amounts due under the related mortgage loan or the guarantor's sole asset may be its interest in the related borrower. Certain commercial mortgage loans may have the benefit of a general payment guaranty of a portion of the indebtedness under the mortgage loan. In all cases, however, the commercial mortgage loans should be considered to be non-recourse obligations because neither the LLP nor the Bank as Seller or Issuer makes any representation or warranty as to the obligation or ability of any borrower or guarantor to pay any deficiencies between any foreclosure proceeds and the mortgage loan indebtedness. Any of the foregoing may result in a diminution in value of the Mortgage Repo Class Collateral, resulting in proceeds insufficient to meet all the Mortgage Repo Payment Amounts that are Due for Payment under the LLP Undertaking (Mortgage Repo).

Risks Relating to Adjustable Rate Commercial Mortgage Assets and LIBOR

Certain of the mortgage assets represented by commercial mortgage loans may bear interest at adjustable rates based on the London interbank offered rate ("LIBOR") and therefore, the amount of debt service payments on the related mortgage loans will increase as interest rates rise. In contrast, rental and other income on the related properties is not expected to adjust as quickly as interest rates rise. Accordingly, debt service coverage ratios of the affected mortgage loans generally will be affected adversely by rising interest rates, and a borrower's ability to make all payments due on such mortgage loans may be adversely affected. Rapid and significant fluctuations in LIBOR may magnify the effect of such mismatches.

In addition, regulators and law-enforcement agencies from a number of governments have conducted and continue to conduct civil and criminal investigations into whether the banks that contributed to the calculation of daily LIBOR may have underreported or otherwise manipulated or attempted to manipulate LIBOR and certain financial institutions admitted to submitting rates to be used to determine LIBOR that were lower than the actual rates at which such financial institutions could borrow funds from other banks. The LIBOR investigations have led to a reformation of LIBOR and the Financial Conduct Authority of the United Kingdom noted its intention not to sustain LIBOR beyond the end of 2021. It is possible that the LIBOR administrator and the panel banks could continue to produce LIBOR on the current basis after 2021. However, there is no assurance that LIBOR will be available in its current form, or at all, after 2021. The uncertainty as to whether LIBOR will survive in its current form or at all may lead to adverse market conditions.

Risks Relating to Hedges

Certain of the commercial mortgage loans may benefit from the borrower thereunder entering into hedge contracts. For commercial mortgage loans with a floating interest rate, these hedging contracts typically are in the form of interest rate floors or caps to protect the borrower's obligation to make floating rate interest payments due under the related note, in which case the benefit of the payments from the hedge counterparty would typically be distributed in accordance with the loan documents, or may be held in an account as to which the mortgagee has rights. For commercial mortgage loans with a fixed interest rate, these hedging contracts typically are in the form of fixed to floating interest rate derivatives obtained by the mortgagee and designed to protect it against the borrower's obligation to make interest payments under the related note. The benefit of the payments from the hedge counterparty are retained by the mortgagee, and are not the subject of any collateral assignment. Solely to the extent available to the Underlying Seller under the Underlying Seller Documents, any benefit of hedge contracts obtained by the borrower (and to the payments thereon) are collaterally assigned by the Underlying Seller to the Seller, as buyer. In turn, the Seller's rights with respect to such hedge contracts are part of the collateral assignment under the related Mortgage Repo Transaction. Accordingly, while the LLP will benefit from payments made in connection with any such hedges as a result of the chain of collateral assignments, it will not have any direct rights to collect funds or to take action against the hedge counterparty, nor will the Collateral Agent be entitled to do so in connection with the exercise of remedies because the hedge agreements are not generally subject to an outright assignment to the Underlying Seller, Seller, LLP or the Collateral Agent. The Seller does not rely upon the value of the hedge contracts when determining the value of the related commercial mortgage loan. The terms of these hedge contracts are not reviewed by the LLP, the Collateral Agent or the Mortgage Custodian, and compliance with their terms is monitored by the Seller and not by the LLP, the Collateral Agent or the Mortgage Custodian. There is a risk that the benefit of the hedge contracts will not be available to the LLP or the Collateral Agent because the contract has expired or been terminated, the contract has been modified, the counterparty has refused or is unable to make payments thereunder, or the collateral assignments are not recognised by the counterparty. In addition, there can be no assurance that any such hedge contract provides the underlying borrower (and therefore its collateral assignees, including the LLP and the Collateral Agent) a net cash benefit, because the amount payable by the hedge counterparty to the borrower could be zero (and, in some cases, a negative amount meaning that an amount is payable by the borrower to the hedge counterparty). The pricing of the hedge contract and the movement of interest rates may put the contract in-the-money or out-of-the-money on any day. In addition, in the event LIBOR is no longer available as described in "*Risks Relating to Adjustable Rate Commercial Mortgage Assets and LIBOR*" above, a borrower may not be able to extend the terms of its mortgage loan because the borrower may not be able to extend or replace a hedge contract that it is required to maintain under the related loan agreement. As a result, the borrower would be required to repay its mortgage loan and may be unable to do so.

Risks Relating to Ownership Rights related to Certain Commercial Properties

Some of the commercial mortgage loans that could be Eligible Assets may be secured by a mortgage on the borrower's leasehold interest under a ground lease or sub ground lease. Leasehold mortgage loans are subject to some risks not associated with mortgage loans secured by a lien on the fee estate of the borrower. The most significant of these risks is that if the borrower's leasehold were to be terminated upon a lease default, the leasehold mortgagee would lose its security. In addition, certain of the ground leases may not prohibit the ground lessor and the ground lessee from modifying the terms of the ground lease. If a ground lease does not contain such a prohibition, there can be no assurance that the terms of the ground lease will not be modified in a manner that would materially and adversely affect the rights of the mortgagee or the value of the related collateral.

Some of the commercial mortgage loans that could be Eligible Assets may be secured by a mortgage on a property in a condominium regime. Due to the nature of condominiums, a default on the part of the related borrower will not allow the mortgagee the same flexibility in realizing on the collateral as is generally available with respect to commercial properties that are not condominiums. If a property does not consist of the entire condominium regime, the related borrower may not have a majority of the voting rights in the related condominium or owners' association, and in such case, such borrower would not have any control over decisions made by the related board of managers or directors. Decisions made by that board of managers or directors, including regarding assessments to be paid by the unit owners, insurance to be maintained on the condominium and many other decisions affecting the maintenance of that condominium, may have a significant impact on the related mortgage loans. In certain instances, the condominium board may have rights that are senior to the rights of the mortgagee, including the right to control in certain situations the proceeds of a condemnation of a portion of the related property. This right could materially adversely affect the

borrower's ability to meet its obligations under the related mortgage loan depending on the use of the condemnation proceeds by the related condominium board.

Performance of Retail, Office and Industrial Properties is Highly Dependent on the Performance of Tenants and Leases

The income from, and market value of, commercial properties leased to various tenants would be adversely affected if space at such properties could not be leased or re-leased; if the property is re-leased at a rental rate significantly below the rental rate paid by the tenant at the space at origination; if tenants were unable to meet their lease obligations, if a significant tenant were to become a debtor in a bankruptcy case; or if rental payments could not be collected for any other reason. Certain of the tenants (which may include significant tenants) may have lease expiration dates that occur prior to, or shortly after, the maturity date of the related mortgage loan. Any vacant space may cause the related property to be less desirable to other potential tenants. Even if vacated space is successfully relet, the costs associated with reletting, including tenant improvements and leasing commissions, could be substantial and could reduce cash flow from the properties.

These factors, among others, may adversely affect the cash flow generating monthly payments for the related mortgage loans. We cannot assure you that (i) leases that expire can be renewed, (ii) the space covered by leases that expire or are terminated can be re-leased in a timely manner at comparable rents or on comparable terms or (iii) the related borrower will have the cash or be able to obtain the financing to fund any required tenant improvements. Any of the foregoing may result in a diminution in value of the Mortgage Repo Class Collateral, resulting in proceeds insufficient to meet all the Mortgage Repo Payment Amounts that are Due for Payment under the LLP Undertaking (Mortgage Repo).

Office Properties Have Special Risks

In addition to the factors discussed herein, other factors may adversely affect the financial performance and value of commercial mortgage loans relating to office properties, including: the physical attributes of the building in relation to competing buildings (e.g., age, condition, design, appearance, access to transportation and ability to offer certain amenities, such as sophisticated building systems and/or business wiring requirements); the adaptability of the building to changes in the technological needs of the tenants; an adverse change in population, patterns of telecommuting or sharing of office space, and employment growth (which creates demand for office space); and in the case of a medical office property, (a) the proximity of such property to a hospital or other healthcare establishment, (b) reimbursements for patient fees from private or government sponsored insurers, (c) its ability to attract doctors and nurses to be on staff, and (d) its ability to afford and acquire the latest medical equipment. Issues related to reimbursement (ranging from nonpayment to delays in payment) from such insurers could adversely impact cash flow at such mortgaged property. Moreover, the cost of refitting office space for a new tenant is often higher than the cost of refitting other types of properties for new tenants. If one or more major tenants at a particular office property were to close or the property to remain vacant, no assurance can be given that such tenants would be replaced in a timely manner or without incurring material additional costs resulting in an adverse effect on the financial performance of the property. Any of the foregoing may result in a diminution in value of the Mortgage Repo Class Collateral to the extent the same is or is related to a commercial mortgage loan on an office property, resulting in proceeds insufficient to meet all the Mortgage Repo Payment Amounts that are Due for Payment under the LLP Undertaking (Mortgage Repo).

Retail Properties Have Special Risks

Some commercial mortgage loans may be secured by retail properties. The value of retail properties is significantly affected by the quality of the tenants as well as fundamental aspects of real estate, such as location and market demographics, as well as changes in shopping methods and choices. Rental payments from tenants of retail properties typically comprise the largest portion of the net operating income of those mortgaged properties. The correlation between success of tenant business and a retail property's value may be more direct with respect to retail properties than other types of commercial property because a component of the total rent paid by certain retail tenants is often tied to a percentage of gross sales.

Online shopping and the use of technology, such as smartphone shopping applications, to transact purchases or to aid purchasing decisions have increased in recent years and are expected to continue to increase in the future. This trend is affecting business models, sales and profitability of some retailers and could adversely affect the demand for retail real estate and occupancy at retail properties securing the related commercial mortgage loans. Any resulting decreases in rental revenue could have a material adverse effect on the value of retail properties securing the related commercial mortgage loans. Some of these developments in the retail sector have led to retail companies, including several national retailers, filing for bankruptcy and/or voluntarily closing certain of their stores. Borrowers may be unable to re-lease such space or to re-lease it on comparable or more favourable terms. As a result, the bankruptcy or closure of a national tenant may adversely affect a retail borrower's revenues. In addition, such closings may allow other tenants to modify their leases to terms that are less favourable for borrowers or to terminate their leases, also adversely impacting their revenues. In addition to competition from online shopping, retail properties face competition from sources outside a specific geographical real estate market. For example, all of the following compete with more traditional retail properties for consumer dollars: factory outlet centres, discount shopping centres and clubs, catalog retailers, home shopping networks, and telemarketing. Continued growth of these alternative retail outlets (which often have lower operating costs) could adversely affect the rents collectible at the retail properties the subject of commercial mortgage loans, as well as the income from, and market value of, the mortgaged properties and the related borrower's ability to refinance such property.

Retail properties are also subject to conditions that could negatively affect the retail sector, such as increased unemployment, increased federal income and payroll taxes, increased health care costs, increased state and local taxes, increased real estate taxes, industry slowdowns, lack of availability of consumer credit, weak income growth, increased levels of consumer debt, poor housing market conditions, adverse weather conditions, natural disasters, plant closings, and other factors. Similarly, local real estate conditions, such as an oversupply of, or a reduction in demand for, retail space or retail goods, and the supply and creditworthiness of current and prospective tenants may negatively impact those retail properties. In addition, the limited adaptability of certain shopping malls that have proven unprofitable may result in high (and possibly extremely high) loss severities on commercial mortgage loans secured by those shopping malls.

The presence or absence of an "anchor tenant" or a "shadow anchor tenant" in or near a retail property also can be important to the performance of a retail property because anchors play a key role in generating customer traffic and making a retail property desirable for other tenants. Retail properties may also have shadow anchor tenants. An "anchor tenant" is located on the related mortgaged property, usually proportionately larger in size than most or all other tenants at the mortgaged property, and is vital in attracting customers to a retail property. A "shadow anchor tenant" is usually proportionately larger in size than most tenants at the mortgaged property, is important in attracting customers to a retail property and is located sufficiently close and convenient to the mortgaged property so as to influence and attract potential customers, but is not located on the mortgaged property. If anchor stores in a mortgaged property were to close, the related borrower may be unable to replace those anchor tenants in a timely manner or without suffering adverse economic consequences. In addition, anchor tenants and non-anchor tenants at anchored or shadow anchored retail centres may have co-tenancy clauses and/or operating covenants in their leases or operating agreements that permit those tenants or anchor stores to cease operating, reduce rent or terminate their leases if the anchor or shadow anchor tenant goes dark or if the subject store is not meeting the minimum sales requirement under its lease. Even if non-anchor tenants do not have termination or rent abatement rights, the loss of an anchor tenant or a shadow anchor tenant may have a material adverse impact on the non-anchor tenant's ability to operate because the anchor or shadow anchor tenant plays a key role in generating customer traffic and making a centre desirable for other tenants. This, in turn, may adversely impact the borrower's ability to meet its obligations under the related mortgage loan. In addition, in the event that a shadow anchor tenant fails to renew its lease, terminates its lease or otherwise ceases to conduct business within a close proximity to the mortgaged property, customer traffic at the mortgaged property may be substantially reduced. If an anchor tenant goes dark, generally the borrower's only remedy may be to terminate that lease after the anchor tenant has been dark for a specified amount of time.

Any of the foregoing may result in a diminution in value of the Mortgage Repo Class Collateral to the extent the same is or is related to a commercial mortgage loan on a retail property, resulting in proceeds insufficient to meet all the Mortgage Repo Payment Amounts that are Due for Payment under the LLP Undertaking (Mortgage Repo).

Hotel Properties Have Special Risks

Some particular risk factors may adversely affect the financial performance and value of commercial mortgage loans on hotel properties, including: adverse economic and social conditions, either local, regional or national (which may limit the amount that can be charged for a room and reduce occupancy levels); continuing expenditures for modernizing, refurbishing and maintaining existing facilities prior to the expiration of their anticipated useful lives; ability to convert to alternative uses which may not be readily made; a deterioration in the financial strength or managerial capabilities of the owner or operator of a hotel property; changes in travel patterns caused by general adverse economic conditions, fear of terrorist attacks, adverse weather conditions and changes in access, energy prices, strikes, travel costs, relocation of highways, the construction of additional highways, concerns about travel safety or other factors; relative illiquidity of hospitality investments which limits the ability of the borrowers and property managers to respond to changes in economic or other conditions; and competition. Because hotel rooms are generally rented for short periods of time, the financial performance of hotel properties tends to be affected by adverse economic conditions and competition more quickly than other commercial properties. Additionally, as a result of high operating costs, relatively small decreases in revenue can cause significant stress on a property's cash flow. Moreover, the hospitality and lodging industry is generally seasonal in nature and different seasons affect different hotel properties differently depending on type and location. This seasonality can be expected to cause periodic fluctuations in a hotel property's room and restaurant revenues, occupancy levels, room rates and operating expenses. In addition, certain hotel properties are limited service, select service or extended stay hotels. Hotel properties that are limited service, select service or extended stay hotels may subject a lender to more risk than full service hotel properties as they generally require less capital for construction than full service hotel properties. In addition, as limited service, select service or extended stay hotels generally offer fewer amenities than full service hotel properties, they are less distinguishable from each other. As a result, it is easier for limited service, select service or extended stay hotels to experience increased or unforeseen competition.

There also may be risks associated with hotel properties that have not entered into or become a party to any franchise agreement, license agreement or other "flag". Hotel properties often enter into these types of agreements in order to align the hotel property with a certain public perception or to benefit from a centralised reservation system. However, the performance of a hotel property affiliated with a franchise or hotel management company depends in part on: the continued existence and financial strength of the franchisor or hotel management company; the public perception of the franchise or hotel chain service mark; and the duration of the franchise licensing or management agreements. The continuation of a franchise agreement, license agreement or management agreement is subject to specified operating standards and other terms and conditions set forth in such agreements. The failure of a borrower to maintain such standards or adhere to other applicable terms and conditions, such as property improvement plans, could result in the loss or cancellation of their rights under the franchise, license or hotel management agreement. A replacement franchise, license and/or hotel property manager may require significantly higher fees as well as the investment of capital to bring the hotel property into compliance with the requirements of the replacement franchisor, licensor and/or hotel property manager. Any provision in a franchise agreement, license agreement or management agreement providing for termination because of a bankruptcy of a franchisor, licensor or manager generally will not be enforceable. The transferability of franchise agreements, license agreements and property management agreements may be restricted.

Any of the foregoing may result in a diminution in value of the Mortgage Repo Class Collateral to the extent the same is or is related to a commercial mortgage loan on a hotel property, resulting in proceeds insufficient to meet all the Mortgage Repo Payment Amounts that are Due for Payment under the LLP Undertaking (Mortgage Repo).

Self Storage Properties Have Special Risks

Some particular risk factors may adversely affect the financial performance and value of commercial mortgage loans on self storage properties, including: decreased demand; lack of proximity to apartment complexes or commercial users; apartment tenants moving to single family homes; decline in services rendered, including security; dependence on business activity ancillary to renting units; security concerns; age of improvements; or competition or other factors. Self storage properties are considered particularly vulnerable to competition because both acquisition costs and break even occupancy are relatively low. The conversion of self storage facilities to alternative uses would generally require substantial capital expenditures. Thus, if the operation of any self storage properties becomes unprofitable, the liquidation value of that self storage mortgaged property may be substantially less, relative to the amount owing on the mortgage loan, than if the self storage mortgaged property were readily adaptable to other uses. In addition, storage units are typically engaged for shorter time frames than traditional commercial leases for office or retail space. Tenants

at self storage properties tend to require and receive privacy, anonymity and efficient access, each of which may heighten environmental and other risks related to such property as the borrower may be unaware of the contents in any self storage unit. Certain commercial mortgage loans secured by self storage properties may be affiliated with a franchise company through a franchise agreement. The performance of a self storage property affiliated with a franchise company may be affected by the continued existence and financial strength of the franchisor, the public perception of a service mark, and the duration of the franchise agreement. The transferability of franchise license agreements is restricted. In addition, certain self storage properties may derive a material portion of revenue from business activities ancillary to self storage such as truck rentals, parking fees and similar activities which require special use permits or other discretionary zoning approvals and/or from leasing a portion of the subject property for office or retail purposes. Any of the foregoing may result in a diminution in value of the Mortgage Repo Class Collateral to the extent the same is or is related to a commercial mortgage loan on a hotel property, resulting in proceeds insufficient to meet all the Mortgage Repo Payment Amounts that are Due for Payment under the LLP Undertaking (Mortgage Repo).

Multifamily Properties Have Special Risks

Some particular risk factors may adversely affect the financial performance and value of commercial mortgage loans on multifamily properties, including: the quality of property management; the ability of management to provide adequate maintenance and insurance; the types of services or amenities that the property provides; the property's reputation; the level of mortgage interest rates, which may encourage tenants to purchase rather than lease housing; the generally short terms of residential leases and the need for continued re-letting; rent concessions and month to month leases, which may impact cash flow at the property; the tenant mix, such as the tenant population being predominantly students or being heavily dependent on workers from a particular business or industry or personnel from or workers related to a local military base or oil and/or gas drilling industries; in the case of student housing facilities or properties leased primarily to students, which may be more susceptible to damage or wear and tear than other types of multifamily housing, the reliance on the financial well being of the college or university to which it relates, competition from on campus housing units, which may adversely affect occupancy, the physical layout of the housing, which may not be readily convertible to traditional multifamily use, and that student tenants have a higher turnover rate than other types of multifamily tenants, which in certain cases is compounded by the fact that student leases are available for periods of less than 12 months; certain multifamily properties may be considered to be "flexible apartment properties". Such properties have a significant percentage of units leased to tenants under short term leases (less than one year in term), which creates a higher turnover rate than for other types of multifamily properties; restrictions on the age or income of tenants who may reside at the property; dependence upon governmental programs that provide rent subsidies to tenants pursuant to tenant voucher programs, which vouchers may be used at other properties and influence tenant mobility; adverse local, regional or national economic conditions, which may limit the amount of rent that may be charged and may result in a reduction of timely rent payments or a reduction in occupancy levels; state and local regulations, which may affect the building owner's ability to increase rent to market rent for an equivalent apartment; and the existence of government assistance/rent subsidy programs, and whether or not they continue and provide the same level of assistance or subsidies.

Certain states regulate the relationship between an owner and its tenants. Commonly, these laws require a written lease, good cause for eviction, disclosure of fees, and notification to residents of changed land use, while prohibiting unreasonable rules, retaliatory evictions, and restrictions on a resident's choice of unit vendors. Apartment building owners have been the subject of suits under state Unfair and Deceptive Practices Acts and other general consumer protection statutes for coercive, abusive or unconscionable leasing and sales practices. A few states offer more significant protection. For example, in some states, there are provisions that limit the bases on which a landlord may terminate a tenancy or increase a tenant's rent or prohibit a landlord from terminating a tenancy solely by reason of the sale of the owner's building. In addition to state regulation of the landlord tenant relationship, numerous counties and municipalities impose rent control on apartment buildings. These ordinances may limit rent increases to fixed percentages, to percentages of increases in the consumer price index, to increases set or approved by a governmental agency, or to increases determined through mediation or binding arbitration. Any limitations on a borrower's ability to raise property rents may impair such borrower's ability to repay its multifamily loan from its net operating income or the proceeds of a sale or refinancing of the related multifamily property.

Certain of the commercial mortgage loans may be secured by properties that are subject to certain affordable housing covenants and other covenants and restrictions with respect to various tax credit, city, state and federal housing

subsidies, rent stabilization or similar programs, in respect of various units within the mortgaged properties. The limitations and restrictions imposed by these programs could result in losses on such commercial mortgage loans. In addition, in the event that the program is cancelled, it could result in less income for the project. These programs may include, among others: rent limitations that would adversely affect the ability of borrowers to increase rents to maintain the condition of their mortgaged properties and satisfy operating expenses; tenant income restrictions that may reduce the number of eligible tenants in those mortgaged properties and result in a reduction in occupancy rates; and with respect to residential cooperative properties, restrictions on the sale price for which units may be re-sold. The difference in rents between subsidised or supported properties and other multifamily rental properties in the same area may not be a sufficient economic incentive for some eligible tenants to reside at a subsidised or supported property that may have fewer amenities or be less attractive as a residence. As a result, occupancy levels at a subsidised or supported property may decline, which may adversely affect the value and successful operation of such property. Certain multifamily properties may be residential cooperative buildings and the land under any such building is owned or leased by a non-profit residential cooperative corporation. The cooperative owns all the units in the building and all common areas. Its tenants own stock, shares or membership certificates in the corporation. This ownership entitles the tenant-stockholders to proprietary leases or occupancy agreements which confer exclusive rights to occupy specific units. Generally, the tenant-stockholders make monthly maintenance payments which represent their share of the cooperative corporation's mortgage loan payments, real property taxes, reserve contributions and capital expenditures, maintenance and other expenses, less any income the corporation may receive. These payments are in addition to any payments of principal and interest the tenant-stockholder may be required to make on any loans secured by its shares in the cooperative.

Any of the foregoing may result in a diminution in value of the Mortgage Repo Class Collateral to the extent the same is or is related to a commercial mortgage loan on a multifamily property, resulting in proceeds insufficient to meet all the Mortgage Repo Payment Amounts that are Due for Payment under the LLP Undertaking (Mortgage Repo).

Manufactured Housing Community Properties Have Special Risks

Some particular risk factors may adversely affect the financial performance and value of commercial mortgage loans on manufactured housing community properties, including: the number of competing residential developments in the local market, such as other manufactured housing community properties, apartment buildings and site built single family homes; the physical attributes of the community, including its age and appearance; the location of the manufactured housing property; the presence and/or continued presence of sufficient manufactured homes at the manufactured housing property (manufactured homes are not generally part of the collateral for a mortgage loan secured by a manufactured housing property; rather, the pads upon which manufactured homes are located are leased to the owners of such manufactured homes; accordingly, manufactured homes may be moved from a manufactured housing property); the type of services or amenities it provides; any age restrictions; the property's reputation; and state and local regulations, including rent control and rent stabilization, and tenant association rights. Manufactured housing community properties may have few improvements (which are highly specialised) and may be single-purpose properties that could not be readily converted to general residential, retail or office use. Some manufactured housing community properties may be either recreational vehicle resorts or have a significant portion of the properties that are intended to accommodate short term occupancy by recreational vehicles, and tenancy of these communities may vary significantly by season. This seasonality may cause periodic fluctuations in revenues, tenancy levels, rental rates and operating expenses for these properties. Certain of the manufactured housing community mortgaged properties may not be connected in their entirety to public water and/or sewer systems. In such cases, the borrower could incur a substantial expense if it were required to connect the property to such systems in the future. In addition, the use of well water enhances the likelihood that the property could be adversely affected by a recognised environmental condition that impacts soil and groundwater. Certain jurisdictions may give the related homeowner's association or even individual homeowners a right of first refusal with respect to a proposed sale of the manufactured housing community property. Any of the foregoing may result in a diminution in value of the Mortgage Repo Class Collateral to the extent the same is or is related to a commercial mortgage loan on a manufactured housing community property, resulting in proceeds insufficient to meet all the Mortgage Repo Payment Amounts that are Due for Payment under the LLP Undertaking (Mortgage Repo).

Industrial Properties, Including Cold Storage Facilities, Have Special Risks

Some particular risk factors may adversely affect the financial performance and value of commercial mortgage loans on industrial properties, including: reduced demand for industrial space because of a decline in a particular industry segment; the property becoming functionally obsolete; building design and adaptability; unavailability of labour sources; changes in access, energy prices, strikes, relocation of highways, the construction of additional highways or other factors; changes in proximity of supply sources; the expenses of converting a previously adapted space to general use; and the location of the property. Industrial properties may be adversely affected by reduced demand for industrial space occasioned by a decline in a particular industry segment in which the related tenants conduct their businesses (for example, a decline in consumer demand for products sold by a tenant using the property as a distribution centre). In addition, a particular industrial or warehouse property that suited the needs of its original tenant may be difficult to re-let to another tenant or may become functionally obsolete relative to newer properties. In addition, mortgaged properties used for many industrial purposes are more prone to environmental concerns than other property types. Aspects of building site design and adaptability affect the value of an industrial property. Site characteristics that are generally desirable to a warehouse/industrial property include high clear ceiling heights, wide column spacing, a large number of bays (loading docks) and large bay depths, divisibility, a layout that can accommodate large truck minimum turning radii and overall functionality and accessibility. In addition, because of unique construction requirements of many industrial properties, any vacant industrial property space may not be easily converted to other uses. Thus, if the operation of any of the industrial properties becomes unprofitable due to competition, age of the improvements or other factors such that the borrower becomes unable to meet its obligations on the related commercial mortgage loan, the liquidation value of that industrial property may be substantially less, relative to the amount owing on the related mortgage loan, than would be the case if the industrial property were readily adaptable to other uses. Location is also important because an industrial property requires the availability of labour sources, proximity to supply sources and customers and accessibility to rail lines, major roadways and other distribution channels. Further, certain of the industrial properties may have tenants that are subject to risks unique to their business, such as cold storage facilities. Cold storage facilities may have unique risks such as short lease terms due to seasonal use, making income potentially more volatile than for properties with longer term leases, and customised refrigeration design, rendering such facilities less readily convertible to alternative uses. Any of the foregoing may result in a diminution in value of the Mortgage Repo Class Collateral to the extent the same is or is related to a commercial mortgage loan on an industrial property, resulting in proceeds insufficient to meet all the Mortgage Repo Payment Amounts that are Due for Payment under the LLP Undertaking (Mortgage Repo).

Mixed Use Properties Have Special Risks

Certain of the properties underlying commercial mortgage assets may be mixed use properties. Mixed use properties are subject to the risks relating to the property types comprising the mix. For example, office and retail properties may be combined into a mixed use property that is exposed to the risks of both office and retail properties. A mixed use property may be subject to additional risks as a result of layering the types, for example where poor tenancy performance in the multi-family portion of a mixed use property contributes to decreased performance in the retail portion of that mixed use property. These risks can be exacerbated by other risks including the property manager having limited or no experience in managing the different property types that comprise such mixed use property. Any of the foregoing may result in a diminution in value of the Mortgage Repo Class Collateral to the extent the same is or is related to a commercial mortgage loan on a mixed use property, resulting in proceeds insufficient to meet all the Mortgage Repo Payment Amounts that are Due for Payment under the LLP Undertaking (Mortgage Repo).

Amendments to "Exhibit I"

Exhibit I to the Base Prospectus set forth on pages 124-149 shall be deleted and replaced with Exhibit I attached hereto.

Amendments to "Pro Forma Final Terms for Global Collateralized Medium Term Notes"

The following bullet point shall be added at the end of the existing bullet point list set out in the second paragraph of Section 10 of Part B set forth on page 166 of the Base Prospectus:

- Commercial Mortgage Loans that are not Small Balance Commercial Mortgage Loans ("Category M") [Yes/No]

Amendments to "Index to Schedule of Eligible Securities"

Schedule A-6 to the Base Prospectus set forth on page A-6 shall be deleted and replaced with Schedule A-6 attached hereto.

EXHIBIT I
to the Base Prospectus dated 21 September 2018, and as may be supplemented



BARCLAYS BANK PLC
(Incorporated with limited liability in England and Wales)

\$20,000,000,000
GLOBAL COLLATERALISED MEDIUM TERM NOTES
supported by a limited recourse undertaking by Barclays CCP Funding LLP

This Exhibit I contains additional disclosure relating to Mortgage Repo Classes. This Exhibit I forms part of and should be read in conjunction with, the base prospectus dated 21 September 2018, as supplemented from time to time. Terms defined elsewhere in the Base Prospectus have the same meanings when used in this Exhibit I unless otherwise defined herein.

OVERVIEW

MORTGAGE REPO CLASSES

General Description:

In connection with the Programme, the Issuer may from time to time issue Mortgage Repo Classes.

The residential or commercial mortgage assets (as further described herein, the "**Mortgage Assets**") underlying each Mortgage Repo Class will be acquired by the Bank from mortgage originators or sellers pursuant to repurchase agreements, as described below. See "*—Eligible Assets for Mortgage Repo*" below for a description of the types of assets that could constitute Mortgage Assets.

To facilitate appropriate provisions for the repurchase of, custody of and the exercise of remedies relating to such Mortgage Assets, (i) the existing Repurchase Agreement between the Bank, as Seller, and the LLP has been amended and restated to include an Annex to facilitate the repurchase of mortgage assets (such Repurchase Agreement, read together with the applicable Annex, the "**Mortgage Asset Repurchase Agreement**"), (ii) the Bank and the LLP entered into a custodial agreement with The Bank of New York Mellon, as custodian, governing the custody of Mortgage Assets, and the related documentation therefor (a "**Mortgage Repo Custodial Agreement**"), (iii) the LLP entered into a New York-law governed undertaking relating to each Mortgage Repo Class (the "**LLP Undertaking (Mortgage Repo)**"), and (iv) the LLP and The Bank of New York Mellon entered into a New York-law governed security agreement (the "**Mortgage Asset Security Agreement**") to secure the obligations of the LLP under the LLP Undertaking (Mortgage Repo). The date of the first set of amendments to the Programme to facilitate Mortgage Repo Classes was September 17, 2018. Further amendments were made to the Programme to accommodate a broader set of Mortgage Assets, and the amendment and restatement of the Mortgage Asset Repurchase Agreement, the Mortgage Repo Custodial Agreement, the LLP Undertaking (Mortgage Repo) and the Mortgage Asset Security Agreement, together with the execution and delivery of certain additional documents as described herein, were completed on 8 August 2019 (the "**Mortgage Repo Amendment Closing Date**").

Mortgage Repo Classes Generally:

The Mortgage Repo Classes are not mortgage securitisation transactions because the primary source of repayment is not collections on, or sales of, the Mortgage Assets. Rather, Mortgage Repo Classes represent unsecured, unsubordinated obligations of the Issuer, with the benefit of the LLP Undertaking (Mortgage Repo) that is, in turn, secured by repurchase transactions involving Mortgage Assets. As such, the principal source of payment of the Mortgage Repo Classes will be the Bank in its capacity as Issuer, or in the case of the LLP Undertaking (Mortgage Repo) by the Bank in its capacity as Seller making Repurchase Price payments under the Mortgage Asset Repurchase Agreement. Prospective investors in Mortgage Repo Classes that are familiar with the markets and conventions for securitisation of residential and commercial mortgage assets should note that the disclosure and risk factors herein will not conform to the typical securitisation market conventions or requirements for mortgage assets because the Mortgage Repo Classes are not a securitisation of mortgage assets. Furthermore, investors familiar with the markets and conventions for securitisation of

commercial mortgage assets should note that the disclosure and risk factors herein relating to commercial mortgage assets will not conform to the standard disclosures and descriptions of properties that might be expected were the Mortgage Repo Classes a securitisation of such commercial mortgage assets. Similarly, and for the same reason, there will not be reporting of the type that investors in securitisations of commercial mortgage assets typically receive. The CRE Financial Council standards for securitisations of commercial mortgage assets are not applicable to the Mortgage Repo Classes.

The Underlying Transactions:

In the course of its business, the Bank from time to time enters into repurchase transactions (each, an "**Underlying Transaction**") with mortgage originators or sellers (each, an "**Underlying Seller**") pursuant to which the Bank purchases residential and commercial mortgage assets. The Mortgage Assets are a subset of these acquisitions. The transactions pursuant to which the Mortgage Assets are purchased are documented on master repurchase agreements between the Bank, as "buyer" thereunder, and the applicable Underlying Seller, as "seller" thereunder (each, an "**Underlying Seller Agreement**"). The Mortgage Asset being purchased generally includes, without limitation, a senior interest in (i) the related mortgage note and all other related loan documents, (ii) all right, title and interest of the related seller in and to the mortgaged property securing such mortgage loan, and (iii) the related servicing rights. Servicing duties with respect to the whole loans underlying or forming the Mortgage Assets are not performed by the Bank or an affiliated servicer, but rather are performed by one or more unaffiliated servicers previously engaged to service such mortgage loan (such servicer, the "**Servicer**"). In connection with each Underlying Seller Agreement, the Bank enters into related transaction documents (the "**Underlying Seller Documents**"), including sub-custodial agreements (each a "**Sub-Custodial Agreement**") with various sub-custodians (each a "**Sub-Custodian**") pursuant to which the applicable Sub-Custodian holds in safekeeping the related mortgage asset documents comprising the physical collateral. Each Sub-Custodian issues a trust receipt (a "**Trust Receipt**") evidencing the possession by such Sub-Custodian of the related mortgage asset documents comprising the physical collateral. The Trust Receipt is held by the Mortgage Custodian (as defined below) for the Bank. Each Underlying Seller Agreement and the related Underlying Seller Documents are negotiated between the Bank and the applicable Underlying Seller.

Some, but not all, of the Mortgage Assets purchased by the Bank are expected to be Eligible Assets (as defined below) that may be included in Mortgage Repurchase Transactions (as defined below). The Underlying Seller Documents may be amended by the Underlying Seller and the Bank from time to time without the consent of, or notice to, the LLP or the Collateral Agent.

Payments to the Bank with respect to repurchase transactions under the Underlying Seller Agreements are directed to an account of the Bank and maintained at The Bank of New York Mellon (the "**Barclays Cash Account**"). The Barclays Cash Account has not been pledged to any secured party, and funds received therein are commingled with proceeds relating to other mortgage loans and other mortgage assets financed or held by the Bank that do not form part of the Mortgage Repo Class Collateral.

Eligible Assets:

Certain categories of Mortgage Assets described below in "*Exhibit I—Mortgage Repo Class Transaction Documents—Eligible Assets*" may be included as collateral for Mortgage Repo Classes. The Final Terms relating to each Mortgage Repo Class will identify which of such categories of Mortgage Assets are Eligible Assets for a particular Mortgage Repo Class (with respect to such Class, the "**Eligible Assets**") under the associated Repurchase Transaction (a "**Mortgage Repurchase Transaction**"). The categories of Mortgage Assets listed in the Final Terms correspond with the Bank's policies and procedures for making such determinations when the Bank is entering into repurchase transactions as the purchaser of mortgage assets with counterparties, including the Underlying Sellers, which criteria are subject to change. The Final Terms for each Mortgage Repo Class will include a collateral eligibility statement for such Mortgage Repo Class that sets forth the margin percentage for each type of Eligible Asset, which will in turn be used by the Mortgage Custodian to determine the associated Mortgage Repo Margin Value, as described below. The Eligible Assets and margin percentages identified in the related Final Terms will be included in or attached to the related confirmation for each Mortgage Repurchase Transaction. See "*Exhibit I—Mortgage Repo Class Transaction Documents—Mortgage Asset Repurchase Agreements*" and "*Exhibit I—Mortgage Repo Class Transaction Documents—Mortgage Repo Custodial Agreements*" below.

Mortgage Asset Repurchase Agreement:

The Mortgage Asset Repurchase Agreement facilitates the execution by the Seller and the LLP of Repurchase Transactions involving Mortgage Assets. The process for entering into such Repurchase Transactions will generally be the same as the process for entering into other Repurchase Transactions, as described in the Base Prospectus, with the main differences relating to the custodial functions, as described below. The Repurchase Events of Default under the Mortgage Asset Repurchase Agreement are the same as those applicable under the Repurchase Agreement, but the exercise of remedies by the LLP (or the Collateral Agent on its behalf) differ from those under the Repurchase Agreement and the Security Agreement (New York Law) or Security Agreement (English Law). See "*Exhibit I—Mortgage Repo Class Transaction Documents—Mortgage Asset Repurchase Agreements*" and "*Exhibit I—Mortgage Repo Class Transaction Documents—Mortgage Asset Security Agreement*" below. Under the Mortgage Asset Repurchase Agreement, the Eligible Assets that are the subject of Repurchase Transactions are defined as the "**Purchased Assets**"). References in the Base Prospectus to the Purchased Securities are generally analogous, and should be read as including reference to the Purchased Assets, subject to the descriptions in this Exhibit I.

Mortgage Repo Custodial Agreement:

In connection with the Mortgage Asset Repurchase Agreement, the Bank as Seller, the LLP, as Buyer, and The Bank of New York Mellon, as master mortgage custodian, have entered into a Custodial Undertaking that will constitute a Mortgage Repo Custodial Agreement. The LLP and the related Seller may enter into additional Mortgage Repo Custodial Agreements, or agree to any replacement or successor custodian appointed from time to time (The Bank of New York Mellon in its capacity as such master mortgage custodian, together with any additional, replacement or successor custodians under a Mortgage Repo Custodial Agreement, a "**Mortgage Custodian**").

Each Sub-Custodian holding the related mortgage asset documents comprising the physical collateral underlying the Mortgage Assets will deliver a Trust Receipt to the Mortgage Custodian representing all of the related mortgage asset documents comprising the physical collateral held by such Sub-Custodian for the Bank. The Mortgage Custodian will hold such Trust Receipt and, as described below, will maintain books and records to reflect the particular Mortgage Assets represented by each Trust Receipt that relate to each Mortgage Repo Class. Upon receipt of notice of an Acceleration Event, the Mortgage Custodian may request of the applicable Sub-Custodian that such Trust Receipt be converted to separate Trust Receipts, one for each related Mortgage Repo Class.

The procedures described in the Base Prospectus for calculating and curing a Margin Deficit or Margin Excess are applicable to Mortgage Repurchase Transactions in a manner generally similar to Repurchase Transactions involving Purchased Securities (although the amount of any accrued and unpaid Price Differential is not taken into account in determining whether any Margin Deficit or Margin Excess exists). The method for determining the Market Value of Purchased Assets, however, is different from the method for determining the Market Value of Purchased Securities, and is described below. See "*Exhibit I—Mortgage Repo Class Transaction Documents—Mortgage Repo Custodial Agreements*" below.

LLP Undertaking (Mortgage Repo):

Each Mortgage Repo Class is supported by a limited recourse payment undertaking by the LLP. Pursuant to the LLP Undertaking (Mortgage Repo), the LLP has undertaken to make full and prompt payment, when a Class is Due for Payment, of all Mortgage Repo Payment Amounts with respect to each applicable Mortgage Repo Class of the Global Collateralised Medium Term Notes, which may be less than the amount that would have been due had such Class been paid on its scheduled maturity date in full. A Noteholder's recourse under the LLP Undertaking (Mortgage Repo) is limited to the collateral expressed in the Mortgage Asset Security Agreement as applicable to the Class held by such Noteholder, and all payments to such Noteholder are limited by and subject to the Pre-Acceleration Priority of Payments summarised under "*Exhibit I—Mortgage Repo Class Transaction Documents—The Collateral Administration Agreement*" and the Mortgage Repo Post-Acceleration Priority of Payments summarised under "*Exhibit I—Mortgage Repo Class Transaction Documents—The Mortgage Asset Security Agreement*."

The Mortgage Asset Security Agreement: To secure the LLP's obligations to the Mortgage Repo Secured Creditors (as defined below) under each Mortgage Repo Class arising under the LLP Undertaking (Mortgage Repo), the LLP and the Collateral Agent entered into a New York law governed security agreement, amended and restated as of the Mortgage Repo Amendment Closing Date. Pursuant to the Mortgage Asset Security Agreement, the LLP granted a security interest to the Collateral Agent in the applicable collateral for the benefit of the Mortgage Repo Secured Creditors of such Class of the Global Collateralised Medium Term Notes.

In addition to the security interest granted by the LLP, under the Mortgage Asset Repurchase Agreement, the Bank as Seller will (i) deliver to the Collateral Agent on behalf of the LLP a fully-executed blanket assignment in respect of the related Purchased Assets, (ii) use its commercially reasonable efforts to deliver to each Underlying Seller and the applicable Sub-Custodian notice of the assignment of the Purchased Assets to the LLP and the pledge of such Purchased Assets to the Collateral Agent, and (iii) make copies of the Underlying Seller Documents and material amendments thereto available to the LLP periodically and upon request. Pursuant to the Mortgage Asset Security Agreement, the LLP is similarly obligated to make the Underlying Seller Documents and material amendments thereto available to the Collateral Agent periodically and upon request.

The Barclays Cash Account has not been pledged to the Collateral Agent, and funds received from Underlying Sellers and applicable to Mortgage Repurchase Transactions may be commingled with other funds within the Barclays Cash Account. Funds credited to the Barclays Cash Account representing proceeds of Underlying Transactions and applicable to Mortgage Repurchase Transactions must be transferred to the Series Operating Account within one (1) business day of receipt unless reinvested in Additional Purchased Assets, whether by curing any resulting Mortgage Repo Margin Deficit, effecting a substitution or by entering into a new Repurchase Transaction. As described below, following the occurrence and continuation of a Repurchase Event of Default under the Mortgage Asset Repurchase Agreement, the Collateral Agent or the LLP may provide Underlying Sellers with alternative instructions as to the payment of funds, separate from the Barclays Cash Account. See further the sections entitled "*Exhibit I—Mortgage Repo Class Transaction Documents—Mortgage Asset Repurchase Agreements*" and "*Exhibit I—Additional Risk Factors Relating to Mortgage Assets—Limitations on the Collateral Agent's Perfected Interest in Mortgage Repo Class Collateral—Risks Related to Commingling and Non Perfection With Respect to Collections Received by the Seller*" below.

The Collateral Agent is authorised to pursue remedies under the Mortgage Asset Security Agreement on behalf of the applicable Mortgage Repo Secured Creditors, and Noteholders are not permitted to pursue remedies directly against the LLP or the Seller, or to liquidate the collateral secured by the Mortgage Asset Security Agreement. The Mortgage Asset Security Agreement also sets forth the priority of payments with respect to the related collateral after the occurrence of an Acceleration Event. For a more detailed description of the Mortgage Asset Security Agreement, the remedies available to the Collateral Agent, and the Mortgage Repo Post-Acceleration Priority of Payments, see "*Exhibit I—Mortgage Repo Class Transaction Documents—The Mortgage Asset Security Agreement*" below. Any Mortgage Repo Qualified Directing Investor will be entitled to certain additional remedies beyond those set forth above. See "*Exhibit I—Mortgage Repo Class Transaction Documents—The Mortgage Asset Security Agreement—Mortgage Repo Qualified Directing Investors*" below.

MORTGAGE REPO CLASS TRANSACTION DOCUMENTS

To the extent relating to Mortgage Repo Class Collateral, Mortgage Repo Classes are subject to certain additional definitive agreements summarised below. The following summaries describe certain provisions of such additional GCMTN Series Documents and do not purport to be complete and are subject to, and are qualified in their entirety by reference to, the detailed information appearing elsewhere herein and in such GCMTN Series Documents, copies of which may be obtained from the Administrator at the address set forth on the back cover of this Base Prospectus. When reference is made herein to particular provisions of, or terms used in, a particular GCMTN Series Document, such reference is to the actual document.

Mortgage Asset Repurchase Agreements

On the Mortgage Repo Amendment Closing Date, the LLP entered into an amended and restated Repurchase Agreement with the Bank governed by New York law and documented on a standard Bond Market Association September 1996 Master Repurchase Agreement with modification made on various annexes thereto designed to facilitate the use of such Repurchase Agreement for the Global Collateralised Medium Term Note Series. The LLP may enter into additional Mortgage Asset Repurchase Agreements. From time to time the parties will enter into one or more Repurchase Transactions relating to Mortgage Assets.

Purchase of Eligible Assets, Repurchase Date, Mortgage Repo Price Differential

The Mortgage Repo Class Collateral for each Class comprise a variety of Eligible Assets, as set forth in the related Final Terms. From time to time the LLP and the Bank will enter into Repurchase Transactions in which the Bank agrees to transfer to the LLP Eligible Assets ("**Purchased Assets**") against the transfer by the LLP of the Purchase Price for the related Repurchase Transaction to an account of such Seller, with a simultaneous agreement by such Seller to purchase (and the LLP to deliver) such Eligible Assets on the Repurchase Date, against the payment by such Seller of an amount equal to the sum of the Repurchase Price. If a Class of Global Collateralised Medium Term Notes related to any Repurchase Transaction is subject to an Acceleration Event, the Repurchase Date of such Repurchase Transaction will be the Acceleration Date with respect to such Acceleration Event, and if such Class is subject to a put, call, extension or other modification as to its maturity in accordance with the related Final Terms, the Repurchase Date of such Repurchase Transaction will be adjusted in line with the applicable put, call, extension or other modification of the maturity date for such Class). The "**Mortgage Repo Price Differential**" with respect to any Repurchase Transaction and any date of determination is equal to the aggregate amount obtained by the daily application of the Pricing Rate for such Repurchase Transaction to the Purchase Price for such Repurchase Transaction for the actual number of days during the period from the later of the (i) Purchase Date and (ii) with respect to any Repurchase Transaction for which the related Class of Global Collateralised Medium Term Notes provides for the payment of interest on any Interest Payment Date prior to the Maturity Date of such Class, the date of the last Price Differential Payment Date, to such date of determination.

The LLP may, in its sole and absolute discretion, enter into one or more Repurchase Transactions. A request to enter into a Repurchase Transaction may be made orally or in writing at the initiation of Buyer or Seller; provided, that Buyer (or the Administrator on its behalf) shall deliver any such Transaction request (a "**Mortgage Repo Confirmation**") on the proposed Purchase Date to the Seller (with a copy to the Administrator, the Mortgage Custodian and the Collateral Administrator). Upon receipt of a Confirmation delivered by Buyer (or the Administrator on its behalf), Seller may, in its sole and absolute discretion, enter into the Transaction by consenting to such Mortgage Repo Confirmation; provided, that any Mortgage Repo Confirmation sent with respect to a Transaction will be binding on the Seller unless the Seller specifically objects, in writing, within two hours of its receipt thereof.

Seller shall deliver the Purchased Assets by causing the applicable Sub-Custodian to deliver, in accordance with the related Sub-Custodial Agreement, a Trust Receipt to the Mortgage Custodian, together with such other documents as may be required by the Mortgage Repo Custodial Agreement. The Mortgage Custodian has agreed pursuant to the Mortgage Repo Custodial Agreement to change its records to reflect that LLP is the owner of the Purchased Assets. Transfers of Purchased Assets by the LLP back to Seller will be accomplished as set forth in "*Release of Purchased Assets pursuant to Underlying Transactions*" below. Any transfer of Purchased Assets to Seller will be made without

recourse to the LLP and without any representations and warranties, except as set forth in the Mortgage Asset Repurchase Agreement. All Purchased Assets will be evidenced by a Trust Receipt in the possession of the Mortgage Custodian, and all Purchased Assets shall be held by the Mortgage Custodian for the account of the LLP pursuant to the Mortgage Repo Custodial Agreement. All mortgage asset files relating to Purchased Assets underlying such Trust Receipts shall be in the possession of the Sub-Custodian that issued such Trust Receipt and Seller shall have delivered to Buyer a fully-executed blanket assignment in respect of such Purchased Assets.

On the Purchase Date for any Repurchase Transaction, the LLP (or the Mortgage Custodian on its behalf) will pay the Seller in immediately available funds, from amounts available in accordance with the Pre-Acceleration Priority of Payments for the related Class of Global Collateralised Medium Term Notes, an amount equal to the Purchase Price for such Repurchase Transaction. On the Repurchase Date for any Repurchase Transaction, the Seller (or the Mortgage Custodian on its behalf) will pay the LLP in immediately available funds, the Repurchase Price by 4:30 p.m. (New York time) on such Repurchase Date to the Series Operating Account for the Global Collateralised Medium Term Note Series. With respect to any Repurchase Transaction for which the related Class of Global Collateralised Medium Term Notes provides for the payment of interest on any Interest Payment Date prior to the Maturity Date of such Class, the Seller (or the Mortgage Custodian on its behalf) will pay to the Series Operating Account an amount equal to the accrued and unpaid Mortgage Repo Price Differential for such Repurchase Transaction not later than 4:30 p.m. (New York time) on each applicable Mortgage Repo Price Differential Payment Date; *provided that* if such Repurchase Transaction has a Pricing Rate that includes both an interest and a discount component, the Mortgage Repo Price Differential on the related Price Differential Payment Date will include the related accreted discount. If the LLP pays the Seller the Purchase Price for any Repurchase Transaction related to a Class of Global Collateralised Medium Term Notes from amounts advanced to the LLP by the Issue and Paying Agent, and the issuance and purchase of such Class is not consummated pursuant to the Agency Agreement on the Purchase Date or the immediately following Business Day, the Repurchase Date for such Repurchase Transaction will be accelerated to the second Business Day following the related Purchase Date.

Release of Purchased Assets pursuant to Underlying Transactions

Pursuant to the Underlying Seller Documents, Underlying Sellers may from time to time repurchase Purchased Assets from the Seller. In connection with any such repurchase, Underlying Sellers will be directed to deposit proceeds arising from any such repurchase in the Barclays Cash Account unless, following the occurrence and continuation of a Repurchase Event of Default, the Collateral Agent or LLP provides alternative instructions. Although the Underlying Sellers will not enter into any agreements with the LLP or the Collateral Agent with respect to alternative deposit instructions or otherwise, the Seller will make commercially reasonable efforts to deliver to each Underlying Seller and each Sub-Custodian notice of the assignment of the Purchased Assets to the LLP and the pledge of such Purchased Assets to the Collateral Agent.

Under the Mortgage Asset Repurchase Agreement, Seller covenants to LLP that, in connection with any proposed release of a Mortgage Asset or related rights from the lien granted to Seller pursuant to the Underlying Seller Documents: (a) on such day, the Seller will provide the LLP, the Mortgage Custodian and the applicable Sub-Custodian with a file describing the Eligible Assets to the Mortgage Custodian (each, a "**Seller File**") (indicating that such Asset is released from the lien granted to Seller pursuant to the Underlying Seller Documents), (b) upon such release of a Purchased Asset, Seller will cause, in each case within one (1) business day of such release, (i) the Mortgage Repo Margin Value of such Purchased Asset to be marked to zero and (ii) such Purchased Asset to be removed from the related Seller File and (c) upon receipt of any funds in connection with any release of Mortgage Assets to the Underlying Seller, (i) at all times, Seller shall hold such funds in trust for the benefit of the LLP; provided, that, at any time prior to a Repurchase Event of Default, such proceeds may be reinvested in Additional Purchased Assets (whether by curing any resulting Mortgage Repo Margin Deficit, effecting a substitution or by entering into a new Repurchase Transaction and (ii) following a Repurchase Event of Default or at any time a Mortgage Repo Margin Deficit exists and has not been cured in accordance with the Mortgage Custodial Undertaking, promptly (but in any event within one (1) Business Day after receipt) remit such funds to the Series Operating Account or such other account as the LLP (or Collateral Agent on its behalf) shall designate from time to time. Seller will at all times, maintain such books and records necessary to identify such funds and to segregate such funds from property of Seller and its affiliates or funds subject to a security interest in favour of any other Person.

Any release of a Purchased Asset from the lien granted to Seller pursuant to the Underlying Seller Documents shall be deemed to release all of the LLP's interest in such Purchased Asset; provided that (i) any such release by the LLP will (x) occur contemporaneously with the release by the Seller under the related Underlying Seller Documents and (y) be subject to the satisfaction of the applicable conditions for such release under the related Underlying Seller Documents and (ii) the LLP shall retain its interest in any proceeds arising from the release of such Purchased Asset, provided, further, that, at any time prior to a Repurchase Event of Default, such proceeds may be reinvested in Additional Purchased Assets (whether by curing any resulting Mortgage Repo Margin Deficit, effecting a substitution or by entering into a new Repurchase Transaction).

Mortgage Repo Margin Deficit and Mortgage Repo Margin Excess

The Mortgage Custodian will determine whether the aggregate Mortgage Repo Market Value of Purchased Assets in the Buyer's account is less than the Mortgage Repo Margin Value of such Repurchase Transaction as of such date (such amount, a "**Mortgage Repo Margin Deficit**") or whether the aggregate Mortgage Repo Market Value of Purchased Assets in the Buyer's account exceeds the Mortgage Repo Margin Value of such Repurchase Transaction as of such date (such amount, a "**Mortgage Repo Margin Excess**"). The "**Mortgage Repo Market Value**" of Purchased Assets is the valuation obtained by the Mortgage Custodian under the Mortgage Repo Custodial Agreement. See further "*Mortgage Repo Custodial Agreements*" below. The "**Mortgage Repo Margin Value**" is obtained, as of any date of determination, by multiplying the Purchase Price to be paid in connection with such Repurchase Transaction and the applicable margin percentage for such Purchased Asset. The margin percentage for each type of Eligible Asset will be listed in the related Schedule of Eligible Assets. The Seller is obligated to cure any Mortgage Repo Margin Deficit that exists related to any Repurchase Transaction by transferring (or causing the transfer of) cash or additional Eligible Assets to the related Mortgage Repo Collateral Account no later than (x) if notice of such Mortgage Repo Margin Deficit is given before noon (New York time), 4:00 p.m. (New York time) on such date and (y) if notice of such Mortgage Repo Margin Deficit is given after noon (New York time), 10:00 a.m. (New York time) on the next business day, which assets will automatically be subject to the security interest granted by the LLP to the Collateral Agent for the benefit of the applicable Mortgage Repo Secured Creditors. The LLP and the Seller have agreed that no transfers will be required to occur to eliminate any Mortgage Repo Margin Deficit or Mortgage Repo Margin Excess, as applicable, unless the amount to be transferred is greater than \$250,000.

Representations and Warranties of the Sellers

Pursuant to the Mortgage Asset Repurchase Agreement, the Seller and the LLP have made certain representations and warranties. On the Purchase Date for any Repurchase Transaction or as of each such delivery, as the case may be, the Seller will be deemed to repeat all the foregoing representations made by it. Such representations and warranties include, among other things, that (a) it is duly authorised to execute and deliver the Mortgage Asset Repurchase Agreement, to enter into Repurchase Transactions contemplated thereunder and to perform its obligations thereunder, and has taken all necessary action to authorise such execution, delivery and performance; (b) it will engage in such Repurchase Transactions as principal (or, if agreed in writing in advance of any Repurchase Transaction by the LLP, as agent for a disclosed principal); (c) the person signing the Mortgage Asset Repurchase Agreement on its behalf is duly authorised to do so on its behalf (or on behalf of any such disclosed principal); (d) it has obtained all authorisations of any governmental body required in connection with the Mortgage Asset Repurchase Agreement and the Repurchase Transactions thereunder and such authorisations are in full force and effect; (e) the execution, delivery and performance of the Mortgage Asset Repurchase Agreement and the Repurchase Transactions thereunder will not violate any law, ordinance, charter, by-law or rule applicable to it or any agreement by which it is bound or by which any of its assets are affected.

Seller further represents and warrants, with respect to each Purchased Asset, that: (a) it has all rights, interest and title to the Purchased Assets and such Purchased Assets are free and clear of any lien, claim, security interest or other encumbrance, other than any liens in favour of the LLP and the right of the Underlying Seller to repurchase all Purchased Assets, (b) information set forth in the Mortgage Repo Confirmation relating to the sale of such Asset is true and correct in all material respects, (c) the LLP's purchase of such Asset shall not constitute a violation of any restriction on transfer applicable to such Asset pursuant to its terms, (d) such Asset is an Eligible Asset for the related Repurchase Transaction and (e) the Underlying Seller Documents are in full force and effect.

The Seller will not make any loan-level representations or warranties and Underlying Sellers will not enter into any assignment and assumption agreements with the LLP or Collateral Agent. However, Seller will take such steps with respect to violations or alleged violations of any representations and warranties of the Underlying Seller made with respect to the related Purchased Assets, and any other breaches or alleged breaches by the Underlying Seller, the Servicer or the applicable Sub-Custodian of the related Underlying Seller Documents, in each case in a manner consistent with its usual and customary procedures therefor and generally as though such Purchased Assets and the benefit of the related Underlying Seller Documents were not subject to the lien granted to the Buyer thereunder. The Seller will periodically furnish the Underlying Seller Documents to the LLP or its designee.

Repurchase Events of Default

If a Repurchase Event of Default (as described in "*Global Collateralised Medium Term Notes Overview—Repurchase Transactions—Repurchase Events of Default*" above) occurs, all of the Repurchase Transactions will, at the non-defaulting party's option (which option will be deemed to have been exercised immediately upon the occurrence of an Insolvency Event), be accelerated. The non-defaulting party may then either: (a) where the non-defaulting party is the LLP, (i) require that the Seller immediately repurchase the Purchased Assets at the previously determined Repurchase Price; (ii) subject to the rights of the Underlying Seller(s), sell the Purchased Assets to one or more third parties in a recognised market (or otherwise in a commercially reasonable manner), and apply the proceeds to the aggregate unpaid Repurchase Price and any other amounts owing by the Seller; and (iii) give the Seller credit for such Purchased Assets in an amount equal to the price therefor on such date, obtained from a generally recognised source or the most recent closing bid quotation from such a source, against the unpaid Repurchase Price of the related Repurchase Transaction and any other amounts owing by the Seller under the Mortgage Asset Repurchase Agreement with respect to such Repurchase Transaction; and (b) where the defaulting party is the LLP, (i) immediately purchase, in a recognised market (or otherwise in a commercially reasonable manner) at such price or prices as the non-defaulting party may reasonably deem satisfactory, assets ("**Replacement Assets**") of substantially similar characteristics and amount as any Purchased Assets that are not delivered by the defaulting party to the non-defaulting party as required under the Mortgage Asset Repurchase Agreement or (ii) in its sole discretion elect, in lieu of purchasing Replacement Assets, to be deemed to have purchased Replacement Assets at the price therefor on such date, obtained from a generally recognised source or the most recent closing offer quotation from such a source, and in each case such price will reduce the Repurchase Price of the related Repurchase Transaction and any other amounts owing by the defaulting party under the Mortgage Asset Repurchase Agreement with respect to such Repurchase Transaction and, if applicable, be liable to the non-defaulting party for any excess of the price paid (or deemed paid) by the non-defaulting party for Replacement Assets over the Repurchase Price for the Purchased Assets replaced thereby and for any amounts payable by the defaulting party under the Mortgage Asset Repurchase Agreement; *provided, however*, that the LLP will make such payments solely to the extent it has funds available with respect to such Class in accordance with the Mortgage Repo Post-Acceleration Priority of Payments. If the proceeds received by the LLP and the amounts retained in relation to (a) above exceed the aggregate Repurchase Price and other amounts due and payable by the Seller to the LLP, the LLP will pay such excess to the Seller in accordance with the Mortgage Repo Post-Acceleration Priority of Payments.

As the rights of the LLP have been pledged to the Collateral Agent for the benefit of the Mortgage Repo Secured Creditors pursuant to the Mortgage Asset Security Agreement, the Collateral Agent will, in accordance with the terms of the Mortgage Asset Security Agreement, exercise the rights of the LLP as non-defaulting party under the Mortgage Asset Repurchase Agreement. In addition, as the parties have structured each Repurchase Transaction under the Mortgage Asset Repurchase Agreement to be separate and distinct obligations between the Seller and the LLP and as the LLP has pledged its rights in the Purchased Assets to the Collateral Agent for the benefit of the related Mortgage Repo Secured Creditors, if the non-defaulting party exercises or is deemed to have exercised the option to declare a Repurchase Event of Default, the resulting rights and obligations of the Seller and the LLP will be determined separately for each outstanding Repurchase Transaction and such obligations may only be netted against each other to the extent that more than one Repurchase Transaction relates to a single Class of Notes.

The defaulting party will be liable to the non-defaulting party for (i) the amount of all reasonable legal or other expenses incurred by the non-defaulting party in connection with or as a result of a Repurchase Event of Default, (ii) damages in an amount equal to the cost (including all fees, expenses and commissions) of entering into replacement transactions and entering into or terminating hedge transactions in connection with or as a result of a Repurchase Event of Default, (iii) any other loss, damage, cost or expense directly arising or resulting from the occurrence of a

Repurchase Event of Default in respect of a Repurchase Transaction, and (iv) interest on any amounts owing by the defaulting party under the Mortgage Asset Repurchase Agreement.

The failure of the Seller to make any payment or delivery respect of any Repurchase Transaction will not be a Repurchase Event of Default if such failure arises solely by reason of an error or omission of an administrative or operational nature made by the Seller or the Mortgage Custodian, subject to the satisfaction of certain conditions.

Other provisions

Each Underlying Seller (or the related Servicer on its behalf) shall be entitled to receive all Income paid or distributed on or in respect of the Purchased Assets related to the Underlying Transaction to which such Underlying Seller is a party, unless and until Seller exercises or is deemed to exercise its remedies with respect to such Income pursuant to the related Underlying Seller Agreement. Seller shall immediately notify the LLP and the Mortgage Custodian upon the exercise or deemed exercise of any such remedies. If (i) Seller exercises or is deemed to exercise its remedies with respect to Income pursuant to any Underlying Seller Agreement and (ii) a Repurchase Event of Default has occurred and is continuing thereunder, Seller shall remit all Income that it is entitled to and receives under the applicable Underlying Seller Agreement to the applicable Mortgage Repo Collateral Account promptly, but in any event, not later than the second (2nd) Business Day following its receipt thereof.

Mortgage Repo Custodial Agreements

The Bank of New York Mellon, as Master Mortgage Custodian ("**Master Mortgage Custodian**"), executed a Custodial Undertaking, amended and restated on or about the Mortgage Repo Amendment Closing Date, with the Bank as a seller and the LLP as buyer (the "**Mortgage Repo Custodial Undertaking**" and together with each any other custodial agreement, if any, entered into from time to time, a "**Mortgage Repo Custodial Agreement**"). Additional Mortgage Repo Custodial Agreements may be executed in the future in connection with the Global Collateralised Medium Term Note Series, or another Series.

The Mortgage Repo Custodial Undertaking is governed by the laws of New York and is generally in the standard form utilised by The Bank of New York Mellon in respect of its mortgage financing business.

On or before the date on which the initial Repurchase Transaction occurs with each Sub-Custodian, the Seller will cause the respective Sub-Custodian to execute and deliver a Trust Receipt to the Mortgage Custodian acting on behalf of the LLP. The Master Mortgage Custodian will hold only one Trust Receipt from each Sub-Custodian relating to all Mortgage Assets held by such Sub-Custodian for the benefit of the Master Mortgage Custodian under the Mortgage Repo Custodial Agreement. The Master Mortgage Custodian will mark its books to reflect that portion of the Assets relating to each Trust Receipt that have been transferred to the Buyer's account under the Mortgage Repo Custodial Agreement from time to time. The Master Mortgage Custodian will be under no obligation at any time to update, revise or amend any Trust Receipt received by it except to the extent it receives modifications from the related Sub-Custodian to such Trust Receipt. The data file prepared by the Master Mortgage Custodian (the "**Mortgage Repo Investor Allocation Report**") will be amended and restated each Business Day after the Purchase Date to take into account any substitutions of Purchased Assets. Upon receipt of a notice of default from either LLP or Seller, the Master Mortgage Custodian shall, at the request of such party, (i) convert the most recently delivered Mortgage Repo Investor Allocation Report to a paper copy and (ii) request the related Sub-Custodian to execute and deliver a new Trust Receipt to the registered holder with respect to each Class of Notes, reflecting only the Mortgage Assets that have been allocated to the applicable Class of Notes.

The Master Mortgage Custodian will provide the Seller with a daily data file (the "**Spreads File**"), which will be amended and restated each Business Day after the Purchase Date to reflect all Mortgage Assets evidenced by each Trust Receipt and the identity of the person for whom the Master Mortgage Custodian is holding such asset (whether the LLP, the Bank or another person). The Master Mortgage Custodian will examine the Trust Receipt to ensure that it is in proper form and it conforms to all of Seller's instructions. The Master Mortgage Custodian shall notify Seller of any defect in the Trust Receipt. On or before the Purchase Date on which the initial Repurchase Transaction occurs, the Seller shall provide notice to the applicable Sub-Custodian of assignment of the Trust Receipts to Master Custodian for the benefit of the LLP.

The Mortgage Custodian's responsibilities generally include, among other things: (a) maintaining a Seller's Account and following only such Seller's instructions with respect such Seller's account; (b) maintaining an account for cash and interests in Mortgage Assets for the benefit of the LLP in one or more Mortgage Repo Collateral Accounts, and following the LLP's instructions (or the instructions of the Administrator, Collateral Administrator or Collateral Agent on behalf of the LLP) with respect to the Buyer's account; (c) twice on each Business Day, with respect to each applicable Repurchase Transaction, determining the then Mortgage Repo Margin Value of all Purchased Assets held in the Buyer's account in respect such Repurchase Transaction; (d) upon receipt of the Seller's instructions with respect to specific Repurchase Transactions, transferring or directing transfer of amounts and Purchased Assets between the Buyer's account and such Seller's account; and (e) crediting to the Seller's account all Income received by the Mortgage Custodian, except in the event the Mortgage Custodian receives a notice of a Repurchase Event of Default, in which event such amounts will be credited to the Buyer's account.

The Mortgage Custodian will also process requests for substitutions, and deliver notices regarding Mortgage Repo Margin Deficits and Mortgage Repo Margin Excesses, if any, following their valuations of the Purchased Assets held by them under their Mortgage Repo Custodial Agreement. The Mortgage Repo Custodial Agreements do not specify the exact methodology or pricing services to be used by the Mortgage Custodian in valuing securities, and accordingly the Mortgage Custodian is expected to use, in respect of the Programme, the same methodologies and processes as are used by them in their mortgage loan custodial business generally. Under the Mortgage Repo Custodial Undertaking, "**Mortgage Repo Market Value**" means with respect to (1) cash, the face amount thereof; (2) Mortgage Assets eligible to be included in mortgage-backed securities issued or guaranteed by a government-sponsored entity ("**Agency MBS**"), the lesser of the outstanding balance or the face amount of the mortgage note relating to such Mortgage Loan multiplied by the price, as quoted by a recognised pricing service not earlier than the close of business on the immediately preceding business day, of an Agency MBS backed by residential mortgage assets with (i) a coupon that most closely approximates, but does not exceed, the coupon on the Mortgage Loan to be priced, and (ii) a maturity date within three months of the weighted average maturity of such Mortgage Loan; and (3) all other Purchased Assets, the price provided by the Seller to the Mortgage Custodian. With respect to any Purchased Asset the Mortgage Repo Market Value for which is determined pursuant to clause (3) above, Seller will provide to the Mortgage Custodian by 11:00 a.m. (New York time) on each Business Day, a valuation, in United States dollars, for each such Purchased Asset. Each such valuation will be made by Seller using the same valuation methodology that it uses when it is the purchaser under repurchase agreement facilities for comparable assets from third parties, including any such Purchased Assets and each valuation will be made as of the end of business on the previous Business Day. If the LLP or Seller disputes the Mortgage Repo Market Value of any Purchased Asset determined by the Mortgage Custodian, the LLP or Seller will have the right to contest such Mortgage Repo Market Value, and the parties shall negotiate in good faith to resolve the dispute. If such dispute is not resolved or if the LLP disputes a Mortgage Repo Market Value determined by Seller, then the LLP may engage a nationally recognised third party valuation provider unaffiliated with Seller or the LLP to determine the Mortgage Repo Market Value of the applicable Purchased Assets, which determination shall be considered final and binding.

In connection with any release of Mortgage Assets to any Underlying Seller pursuant to any Repurchase Transaction, any transfer of replacement Eligible Assets or cash from the Seller's account to the Buyer's account may not occur simultaneously with such release but will instead occur upon notice from the Master Custodian of any resulting Mortgage Repo Margin Deficit by (x) if such notice is delivered at or before noon (New York time), no later than 4:00 p.m. (New York time) or (y) if any such notice is given after noon (New York time), no later than 10:00 a.m. (New York time) on the next Business Day.

The LLP Undertaking (Mortgage Repo)

The LLP entered into a New York law undertaking on or about September 17, 2018 in respect of the Collateral relating to the Mortgage Asset Security Agreement (the "**LLP Undertaking (Mortgage Repo)**") in favour of the Collateral Agent.

The obligations of the LLP under the LLP Undertaking (Mortgage Repo) for the applicable Class of Notes are limited recourse obligations that are limited to the Collateral expressed in the Mortgage Asset Security Agreement to such Class and the proceeds thereof, and any payments with respect to such Class under the LLP Undertaking (Mortgage Repo) are limited by and subject to the priorities of payments related to such Class of the Global Collateralised Medium Term Notes. Therefore, in the event the amount realised upon any liquidation or distribution of Collateral

applicable to any Class following an Acceleration Event is less than the Mortgage Repo Payment Amount with respect thereto, no holder of the Global Collateralised Medium Term Notes of such Class will have any recourse to any other Collateral, including without limitation, any Mortgage Repo Class Collateral of any other Class, or any excess proceeds derived from the liquidation or distribution of the Mortgage Repo Class Collateral applicable to any other Class, nor will it have recourse to any of the LLP's other assets or its contributed capital.

Subject to the limited recourse nature of the LLP's obligations in respect of the LLP Undertaking (Mortgage Repo) discussed in the immediately preceding paragraph, the LLP, as primary obligor and not merely as surety, has promised to make full and prompt payment, when a Class is Due for Payment and at all times thereafter, of the Issuer's obligations with respect to each such Class of the Global Collateralised Medium Term Note Series to pay all Mortgage Repo Payment Amounts with respect to each such Class of the Global Collateralised Medium Term Note Series, as the same may be amended, modified, extended or renewed from time to time. Delivery or receipt of notice of the occurrence of an Acceleration Event (a "**Mortgage Repo Acceleration Notice**") will not be a condition to the foregoing obligations of the LLP, nor will non-receipt of a Mortgage Repo Acceleration Notice or defects therein constitute an excuse to avoid or delay such payment. With respect to Mortgage Repo Classes, "**Mortgage Repo Payment Amount**" means (without giving effect to any cancellation, modification or change in the liability or form of liability of the Issuer, resulting from the making of a special bail-in provision (as such term is defined in section 48B of the Banking Act), with respect to any Global Collateralised Medium Term Note (x) issued on a discount basis, the face amount thereof, *provided that* if such Global Collateralised Medium Term Note is accelerated on a date prior to its maturity date, the Mortgage Repo Payment Amount for such Global Collateralised Medium Term Note will be the sum of the amount paid by the related original Holder to the Issuer for such Global Collateralised Medium Term Note, plus an amount equal to the portion of the discount accreted through the Acceleration Date (or, solely with respect to any Class the Final Terms for which provide for the accrual of discount after the Acceleration Date, the date on which all amounts owing with respect thereto are reduced to zero), and (y) issued on an interest-bearing basis, the outstanding principal amount thereof plus the accrued but unpaid interest; *provided that* if such Global Collateralised Medium Term Note is accelerated on a date prior to its maturity date, the Mortgage Repo Payment Amount for such Global Collateralised Medium Term Note will be the outstanding principal amount thereof plus the accrued but unpaid interest thereon only through the Acceleration Date (or, solely with respect to any Class the Final Terms for which provide for the accrual of interest after the Acceleration Date, the date on which all amounts owing with respect thereto are reduced to zero); *provided further* the foregoing clauses (x) or (y) will not include any amount representing an additional amount owed, owing or to be paid to any holder of any Class by either Issuer on account of or in respect of any deduction or withholding for tax. Should any payment in respect of the Global Collateralised Medium Term Notes, whether by the LLP under the LLP Undertaking (Mortgage Repo) or by the Issuer, be made subject to any deduction or withholding on account of any Taxes, the LLP will not be obliged to pay any additional amounts in respect of any sum deducted or withheld.

The Mortgage Asset Security Agreement

Pursuant to the Mortgage Asset Security Agreement, the LLP, as grantor, grants to the Collateral Agent:

(a) for the benefit of the Mortgage Repo Secured Creditors, a lien on and security interest in all the LLP's right, title and interest in, to and under the following personal property owned by the LLP, whether now owned or existing or hereafter acquired or arising (all of which being hereinafter collectively referred to as the "**Mortgage Repo Class Collateral**" with respect to such Class): (i) each Mortgage Repo Collateral Account related to such Class of the Global Collateralised Medium Term Notes and the Mortgage Repo Escrow Account, including all Purchased Assets, securities, cash or other property from time to time credited thereto or carried therein (the "**Loan Collateral**" for such Class); (ii) the funds from time to time credited to or carried in the Series Operating Account that are related to such Class and relate to Loan Collateral, including funds debited therefrom and provided to the Seller or its custodian or agent on behalf of the Seller in anticipation of settlement of one or more Repurchase Transactions; (iii) any funds received with respect to any Loan Collateral from time to time credited to the Barclays Cash Account; (iv) any funds provided to the Seller or its custodian or agent on behalf of the Seller in anticipation of settlement of one or more Repurchase Transactions; and (v) all supporting obligations and all proceeds of the foregoing.

(b) for the benefit of each of the Holders of each Class a lien on and security interest in all the LLP's right, title and interest in, to and under the following personal property owned by the LLP, whether now owned or existing or hereafter acquired or arising (all of which being hereinafter collectively referred to as the "**Mortgage Repo**

Intangible Collateral" with respect to the Global Collateralised Medium Term Notes): (i) the rights of the LLP that are related to such Class in respect of Mortgage Repo Class Collateral and Loan Collateral, under the Mortgage Asset Repurchase Agreement and each of the other Transaction Documents to the extent related to the Global Collateralised Medium Term Notes; and (ii) all supporting obligations and all proceeds of the foregoing that are related to such Class.

(c) for the benefit of each of the Holders of each Class (the "**Mortgage Repo Secured Creditors**") in respect of whom funds are being carried in or credited to the Series Operating Account, but which funds are not identifiable as relating to any particular such Class related to the Global Collateralised Medium Term Notes, a lien on and security interest in all the LLP's right, title and interest in, to and under the funds from time to time credited to or carried in the Series Operating Account or the Note Payment Account that are not identifiable as being related to any particular Class, or any Mortgage Repo Collateral Accounts or the Mortgage Repo Escrow Account that for any reason are not identifiable as being related to any particular Class, together with all supporting obligations and all proceeds of the foregoing, whether now owned or existing or hereafter acquired or arising and wherever located (all of which being hereinafter collectively referred to as the "**Mortgage Repo Unallocated Collateral**").

The security interests in the Mortgage Repo Class Collateral created pursuant to the Mortgage Asset Security Agreement secure, and the Mortgage Repo Class Collateral is collateral security for, the prompt and complete payment or performance in full when due of all Mortgage Repo Payment Amounts owing by the LLP to the Mortgage Repo Secured Creditors, arising under the LLP Undertaking (Mortgage Repo) (the "**Mortgage Repo Secured Obligations**"). The security interests in the Mortgage Repo Intangible Collateral created pursuant to the Mortgage Asset Security Agreement secure, and the Mortgage Repo Intangible Collateral is additional collateral security for, all Mortgage Repo Secured Obligations owing by the LLP to the Mortgage Repo Secured Creditors.

By its purchase of a Note, each Noteholder will be deemed to have agreed and acknowledged that: (a) the Mortgage Repo Class Collateral will be allocated and credited to each Mortgage Repo Collateral Account related to the related Class pursuant to the related Repurchase Transactions, the related Mortgage Repo Custodial Agreements and the Collateral Administration Agreement, and may be moved from each Mortgage Repo Collateral Account related to such Class to the Mortgage Repo Escrow Account related to such Class following an Acceleration Event; (b) such allocation of the Mortgage Repo Class Collateral will constitute the preferential right of the Noteholders of the related Class in such Mortgage Repo Class Collateral to be paid with or from the proceeds of such Mortgage Repo Class Collateral pursuant to the Mortgage Asset Security Agreement, and in accordance with the applicable Priority of Payments for such Class; (c) the establishment of a Mortgage Repo Collateral Account for each Class and the Mortgage Repo Escrow Account and the allocation of the Mortgage Repo Class Collateral thereto pursuant to the related Repurchase Transactions, the related Mortgage Repo Custodial Agreements and the Collateral Administration Agreement, will not impair the validity or perfection of the security interest granted to the Collateral Agent by the Mortgage Asset Security Agreement; (d) the rights to repayment or satisfaction of amounts due to the Noteholders of such Class with respect to the LLP Undertaking (Mortgage Repo), will be satisfied solely from the Mortgage Repo Class Collateral for such Class and not from the Mortgage Repo Class Collateral allocated to any other Classes; and (e) although the benefit of the Mortgage Repo Unallocated Collateral is to be shared by the Mortgage Repo Secured Creditors without distinction as to Class, all property realised as proceeds of the granted security interests in the Mortgage Repo Class Collateral and Mortgage Repo Intangible Collateral will be allocated by the Collateral Agent as Mortgage Repo Class Collateral segregated for the benefit of the Mortgage Repo Secured Creditors of each applicable Class, and not as a general pool for all Mortgage Repo Secured Creditors.

The Collateral Agent will maintain records and allocate funds in the Series Operating Account to each applicable Mortgage Repo Collateral Account and/or Mortgage Repo Escrow Account. If the Collateral Agent does not maintain a method of tracing, including application of equitable principles, that is permitted under law other than Article 9 of the Uniform Commercial Code for the State of New York, with respect to commingled property of the type credited to or carried in the Series Operating Account or any funds provided to the Seller or Mortgage Custodian on behalf of the Seller in anticipation of settlement of one or more Repurchase Transactions, then in connection with the exercise of remedies pursuant to the Mortgage Asset Security Agreement, the Affected Mortgage Repo Secured Creditors will be deemed to have directed the Collateral Agent to allocate all funds then on deposit in the Series Operating Account (or any funds provided to the Seller or Mortgage Custodian on behalf of the Seller in anticipation of settlement of one or more Repurchase Transactions) to the Mortgage Repo Escrow Account for each related Class, *pro rata* according to the respective amounts owed to such Classes pursuant to the LLP Undertaking (Mortgage Repo), and thereafter

treat such funds as Mortgage Repo Class Collateral segregated for the benefit of the Mortgage Repo Secured Creditors of each applicable Class.

Establishment of Accounts

Within two (2) Business Days of its receipt of notice from the Administrator that the Issuer is proposing to issue a new Class pursuant to the Administration Agreement, the LLP will establish with the Mortgage Custodian (with respect to the Master Mortgage Custodian, pursuant to the Mortgage Custodial Undertaking), and thereafter maintain, accounts (which shall be deemed to consist of a "securities account" (within the meaning of Section 8-501 of the UCC) with respect to financial assets other than Cash and a "deposit account" (within the meaning of Section 9-102 of the UCC) with respect to Cash deposited therein) for the applicable Class Collateral (each a "**Mortgage Repo Collateral Account**" for such Class). Loan Collateral will be maintained by or on behalf of the Collateral Agent in the Mortgage Repo Collateral Account of the related Class at all times prior to an Acceleration Event for such Class. At any time the Collateral Agent so requests, the LLP will establish with the Collateral Agent, and thereafter maintain, a segregated, non-interest bearing trust account in respect of all Classes which have a Mortgage Repo Collateral Account with the Master Mortgage Custodian (the "**Mortgage Repo Escrow Account**"). The Mortgage Repo Class Collateral may be deposited therein in accordance with the Mortgage Asset Security Agreement to facilitate dispositions thereof. The designation of any Mortgage Repo Collateral Account or the Mortgage Repo Escrow Account will be altered as directed by the LLP, if and to the extent that such alteration is necessary to clearly identify the particular Class to which each such Mortgage Repo Collateral Account or the Mortgage Repo Escrow Account relates.

Permitted Dispositions

Subject to the terms of the Mortgage Asset Security Agreement, neither the LLP nor any of its agents will dispose, sell, transfer, assign, pledge or otherwise convey all or any part of the Collateral, except: (a) the pledge to the Collateral Agent under the Mortgage Asset Security Agreement; (b) prior to the occurrence of an Acceleration Event, the sale and repurchase of Purchased Assets for such Class, and/or the return of additional Eligible Assets ("**Additional Purchased Assets**") and Income to the Seller, pursuant to and in accordance with the related Repurchase Transactions, the related Mortgage Repo Custodial Agreements and the Collateral Administration Agreement, *provided that*, if such transfers of Purchased Assets, Additional Purchased Assets, and/or Income occur as a result of the acceleration and early close-out of the Repurchase Transactions following the occurrence of a Repurchase Event of Default as to which the LLP is the defaulting party, the resulting cash proceeds shall constitute Mortgage Repo Class Collateral for each related Class of Global Collateralised Medium Term Notes, and the Collateral Agent shall distribute the same in accordance with the priority of payments set forth in "*—Application of Mortgage Repo Class Collateral following a Repurchase Event of Default of LLP*" below; (c) prior to the occurrence of an Acceleration Event, substitutions of the related Purchased Assets pursuant to and in accordance with the related Repurchase Transactions, the related Mortgage Repo Custodial Agreements and the Collateral Administration Agreement; (d) prior to the occurrence of an Acceleration Event, after repayment of the related Class, delivery of any remaining Mortgage Repo Class Collateral to the Issuer in repayment of the Advance under the Intercompany Loan related to such Class; and (e) prior to the occurrence of a Repurchase Event of Default with respect to the Mortgage Asset Repurchase Agreement, the reallocation of Purchased Assets and Additional Purchased Assets from the Mortgage Repo Collateral Account for one Class to the Mortgage Repo Collateral Account for another Class pursuant to the related Repurchase Transactions, the related Mortgage Repo Custodial Agreements and the Collateral Administration Agreement. The excess, if any, of (i) the cash received in connection with such disposition over (ii) the sum of (A) the reasonable and customary out-of-pocket expenses incurred by the party effecting such disposition, and (B) sales, use, transfer, value-added, documentary, recording or other taxes or fees reasonably estimated to be actually payable or actually paid in connection therewith (the "**Net Cash Proceeds**"), will be remitted directly to the Mortgage Repo Collateral Account for the related Class (or with respect to any Mortgage Asset Repurchase Agreement the Seller for which is Barclays, to the Barclays Cash Account (for further application to the Series Operating Account to the extent required under the Mortgage Asset Repurchase Agreement)) and applied in accordance with the Pre-Acceleration Priority of Payments or the Mortgage Repo Post-Acceleration Priority of Payments for such Class, as applicable.

Enforcement following Acceleration Event

Upon the occurrence of an Acceleration Event with respect to a Class, the Collateral Agent will, on the Acceleration Date with respect to such Acceleration Event, to the extent that the Collateral Agent has received written notice or has

actual knowledge thereof, give a Mortgage Repo Acceleration Notice. Upon the occurrence of such Acceleration Event, each applicable Class of Notes is and each Class will thereupon immediately become, due and repayable in an amount equal to its principal amount outstanding plus accrued interest and/or accreted discount through the Acceleration Date (or, solely with respect to any Class the Final Terms for which provide for the accrual of discount after the Acceleration Date, the date on which all amounts owing with respect thereto are reduced to zero). The Collateral Agent will, on the Acceleration Date with respect to any Acceleration Event of which the Collateral Agent has received written notice or has actual knowledge, (i) provide a copy of the related Mortgage Repo Acceleration Notice to the Administrator, the Mortgage Custodian, the Collateral Administrator, and each Noteholder and (ii) notify any Underlying Sellers of the occurrence of such Acceleration Event and instruct such Underlying Sellers to cease remitting funds to the Barclays Cash Account and thereafter remit funds (whether in connection with the exercise of any right of an Underlying Seller to repurchase the assets it sold pursuant to any Underlying Transaction following the occurrence of an "Event of Default" by the Seller as "buyer" under and as defined in the Underlying Seller Documents (an "**Underlying Seller Repurchase Option**"), receipt of Income or upon the occurrence of the applicable repurchase date under the applicable Underlying Transaction) to the applicable Mortgage Repo Collateral Account or Mortgage Repo Escrow Account (or such other account subject to the control of the Collateral Agent) for allocation to the applicable Class. Certain Noteholders may benefit from remedies in addition to or different from those set forth below. See "*Mortgage Repo Qualified Directing Investors*" below. During the continuance of an Acceleration Event, the Collateral Agent may exercise in respect of the Mortgage Repo Class Collateral with respect to each related Class, in addition to all other rights and remedies provided for in the Mortgage Asset Security Agreement or otherwise available to it at law or in equity, all the rights and remedies of a Mortgage Repo Secured Creditor under the Uniform Commercial Code, as it is in effect from time to time in the State of New York (the "UCC"), (whether or not the UCC applies to the affected Mortgage Repo Class Collateral) to collect, enforce or satisfy any Mortgage Repo Secured Obligations related to such Class then owing, whether by acceleration or otherwise, and also may, without notice except as specified below or under the UCC or other applicable law, following delivery of the notice required pursuant to the Mortgage Asset Security Agreement, sell or assign such Mortgage Repo Class Collateral or any part thereof in one or more parcels at public or private sale, at all or any part of the Collateral Agent's offices or elsewhere, for cash, at such time or times and at such price or prices and upon such other terms as the Collateral Agent may deem commercially reasonable, and in respect of the Mortgage Repo Intangible Collateral, in addition to all other rights and remedies provided for in the Mortgage Asset Security Agreement or otherwise available to it at law or in equity, all the rights and remedies of a Mortgage Repo Secured Creditor under the UCC (whether or not the UCC applies to the Mortgage Repo Intangible Collateral) to collect, enforce or satisfy any Mortgage Repo Secured Obligations then owing, whether by acceleration or otherwise.

Any Mortgage Repo Secured Creditor may be the purchaser of all or any part of the Collateral at any public or private sale in accordance with the UCC and other applicable law and, with prior notice to the Collateral Agent, any such Mortgage Repo Secured Creditor will be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of such Collateral sold at any such sale made in accordance with the UCC, to use and apply its proportionate share any of the Mortgage Repo Secured Obligations (which may be limited, with respect to such Mortgage Repo Secured Creditor, to related Mortgage Repo Secured Obligations) as a credit on account of the purchase price for any such Collateral payable by such Mortgage Repo Secured Creditor at such sale. Each purchaser at any such sale will hold the property sold absolutely free from any claim or right on the part of the LLP, and the LLP has waived (to the extent permitted by applicable law) all rights of redemption, stay and/or appraisal which it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. The Collateral Agent will not be obligated to conduct any sale of Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. The LLP waives any claims against the Collateral Agent arising by reason of the fact that the price at which any Collateral may have been sold at such a private sale was less than the price which might have been obtained at a public sale, even if the Collateral Agent accepts the first offer received and does not offer such Collateral to more than one offeree. If the proceeds of any sale or other disposition of the Collateral are insufficient to pay all the Mortgage Repo Secured Obligations related to the applicable Class or Shared Collateral Class Group, as applicable, the LLP will not be liable for the deficiency. In connection with any public or private sale of Collateral, the Collateral Agent may appoint one or more brokers, investment bankers, consultants, legal advisors, affiliates, liquidation agents or other professionals and the costs and expenses of any such brokers, investment bankers, affiliates, consultants, legal advisors, liquidation agents and other professionals will be paid from the proceeds of the sale of such Collateral. Any such appointment by the Collateral Agent will be conclusive and binding on all Mortgage Repo Secured Creditors,

but will not relieve the Collateral Agent of its obligations to fulfil its duties under the Mortgage Asset Security Agreement.

In connection with the exercise of remedies with respect to any Mortgage Repo Class Collateral pursuant to the Mortgage Asset Security Agreement, the Collateral Agent will seek that all Mortgage Repo Class Collateral then in the Series Operating Account or the Note Payment Account be identified as Mortgage Repo Class Collateral and allocated to the related Mortgage Repo Escrow Account for disposition in accordance with the Mortgage Asset Security Agreement, and be permitted to deliver instructions to the Mortgage Custodian with respect to any Mortgage Repo Class Collateral; and retain (at its own cost and not in duplication of liquidation expenses) and rely upon advisory services provided by the Collateral Administrator, *provided that* such retention and reliance will not relieve the Collateral Agent from the performance of its duties and obligations as set forth in the Mortgage Asset Security Agreement and the other Transaction Documents.

By reason of certain prohibitions contained under applicable law, the Collateral Agent may be compelled, with respect to any sale of all or any part of the Collateral conducted without prior registration or qualification of such Collateral under such securities laws or other applicable laws, to limit purchasers to those who will agree, among other things, to acquire the Collateral for their own account, for investment and not with a view to the distribution or resale thereof and meet any applicable selling restrictions under any applicable law with respect thereto. Any such private sale may be at prices and on terms less favourable than those obtainable through a public sale without such restrictions (including a public offering made pursuant to a registration statement, prospectus, or similar document under applicable securities laws) and, notwithstanding such circumstances, any such private sale will be deemed to have been made in a commercially reasonable manner and the Collateral Agent will have no obligation to engage in public sales and no obligation to delay the sale of any Collateral for the period of time necessary to permit the issuer thereof to register it for a form of public sale requiring registration under applicable securities laws, even if such issuer would, or should, agree to so register it.

The Collateral Agent and its agents will conduct any sale under the Mortgage Asset Security Agreement in accordance with the procedures set forth in the Mortgage Asset Security Agreement, and in the case of a public sale the UCC. Except as required by applicable law, any sale of Collateral by the Collateral Agent and its agents may be made without assuming any credit risk. The Collateral Agent, in connection with any exercise of any of its rights or remedies, may exercise the same without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law) to or upon the LLP or any other person (all and each of which demands, presentment, protect, advertisements or notices are hereby waived). The Collateral Agent and its agents may sell Collateral in one or more lots, and to one or more purchasers. The Collateral Agent and its agents will conduct any sale on a "where is, as is" basis, without any representations and warranties relating to title, possession, quiet enjoyment or the like, express or implied. Any process undertaken by the Collateral Agent in accordance with the terms of the Mortgage Asset Security Agreement (to the extent permitted by applicable law) is deemed "reasonable." In addition, any timing requirements in connection with any Collateral, sale or bid process will be extended to the extent necessary or appropriate to comply with applicable law or otherwise operationally or administratively necessary.

Only the Collateral Agent may pursue the remedies available under the general law or under the Mortgage Asset Security Agreement to enforce the security interest set forth therein with respect to any Collateral and no other party nor any of the Noteholders will be entitled to proceed directly against the LLP to enforce any such security interest.

Mortgage Repo Qualified Directing Investors

A "**Mortgage Repo Qualified Directing Investor**" means, as of any date of determination, a Noteholder that is a Mortgage Repo Secured Creditor and that provides a Mortgage Repo Directing Investor notice pursuant to the Mortgage Asset Security Agreement to the Collateral Agent, with respect to a Mortgage Repo Directing Investor Class as to which it is acting, for itself or on behalf of an Affiliate which has so authorised it to act. Any Class of Notes secured by Collateral which is wholly owned by a Noteholder or one or more of its Affiliates, or by a Noteholder in conjunction with one or more of its Affiliates, and (if it is not the Noteholder with respect to such Class or if such Class is wholly owned by the Noteholder in conjunction with one or more of its Affiliates) as to which such Noteholder has provided evidence satisfactory to the Collateral Agent that it has authorisation from the Affiliate that is the sole Noteholder (or, with whom, such Class is wholly owned by such Noteholder) to give instructions to the Collateral

Agent as a Mortgage Repo Qualified Directing Investor, will be a "**Mortgage Repo Directing Investor Class**", and be eligible for certain remedies following an Acceleration Event different from those of Classes that are not Mortgage Repo Directing Investor Classes, as set forth below.

Each Noteholder of a Mortgage Repo Directing Investor Class, or an authorised Affiliate thereof, may, no later than 6:00 p.m. (New York time) on the fifth (5th) Business Day after an Acceleration Event, provide to the Collateral Agent by facsimile, overnight courier service, telecopier, certified or registered post, by hand or by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Collateral Agent, a duly completed and executed Mortgage Repo Directing Investor notice (the "**Mortgage Repo Directing Investor Notice**"), substantially in the form of the corresponding exhibit attached to the Mortgage Asset Security Agreement. The form may be obtained from the Administrator or the Collateral Agent. If the Final Terms for a Class contains an indicator that such Class is not a Mortgage Repo Directing Investor Class, such indicator shall control, and any Mortgage Repo Directing Investor notice received in respect of such Class will be deemed to be ineffective and disregarded by the Collateral Agent.

With respect to each Class which is a Mortgage Repo Directing Investor Class, the related Mortgage Repo Qualified Directing Investor will be entitled to give instructions that comply with the provisions set forth below (such instructions, "**Mortgage Repo Qualified Instructions**") to the Collateral Agent with respect to the disposition of the related Mortgage Repo Class Collateral, and the Collateral Agent will accept and promptly act upon all Mortgage Repo Qualified Instructions with respect to the disposition of the Mortgage Repo Class Collateral related to each such Class.

After the occurrence of an Acceleration Event and delivery of a satisfactory Mortgage Repo Directing Investor Notice, subject to the immediately succeeding paragraph, Mortgage Repo Qualified Directing Investors may give the Collateral Agent any or all of the following disposition instructions with respect to the Mortgage Repo Class Collateral for each related Mortgage Repo Directing Investor Class in respect of which they are acting: (a) that some or all of the Mortgage Repo Class Collateral (including any Trust Receipts (or interests therein) evidencing Mortgage Repo Class Collateral) be sold by the Collateral Agent pursuant to collateral sales conducted in accordance with the Mortgage Asset Security Agreement for the best price offered to the Collateral Agent for such Mortgage Repo Class Collateral, with or without instructions as to the specific timing of such sales, or the markets or processes to be employed; (b) that some or all of the Mortgage Repo Class Collateral be sold to named purchasers, with or without instructions as to the purchase price therefor; (c) that some or all of the Mortgage Repo Class Collateral be delivered to the Mortgage Repo Qualified Directing Investor or its nominee Affiliate in kind, *provided that* the Mortgage Repo Qualified Directing Investor must comply with all applicable securities laws and ensure (and satisfy the Collateral Agent) that any such delivery will be in compliance therewith; and/or (d) that some or all of the Mortgage Repo Class Collateral be maintained by the Collateral Agent or the Mortgage Custodian pending further instructions, subject to the limitations set forth below.

Mortgage Repo Qualified Directing Investors may give the Collateral Agent instructions on any Business Day, but may not submit instructions that: (a) if implemented, would cause or result in a violation of the Mortgage Asset Security Agreement, any other Transaction Document, any Underlying Seller Agreement or any applicable laws or any rules or regulations, including without limitation the terms of any permissive or mandatory stay imposed by a governmental authority that applies to the Mortgage Repo Class Collateral; (b) if implemented, would result in such Mortgage Repo Qualified Directing Investor receiving an aggregate amount of cash and/or value (calculated as described above) in excess of the sum of the Mortgage Repo Payment Amounts due to such Mortgage Repo Qualified Directing Investor in respect of all its Mortgage Repo Directing Investor Classes; (c) do not adequately describe the Mortgage Repo Class Collateral the subject of such instruction, are lacking sufficient clarity, completeness or detail, or otherwise are too vague for the Collateral Agent to understand and comply with such instructions; (d) are commercially unreasonable, whether as to timing, method, requirements, the administrative burden such instructions would place on the Collateral Agent, or for any other reason; (e) involve fraudulent action, including without limitation, transactions at an undervalue, or which involve round-trip or undisclosed consideration or which are not conducted for consideration which is fully disclosed to the Collateral Agent and which is equal to the price for the related Mortgage Repo Class Collateral that could be obtained from a generally recognised source or the most recent closing bid quotation from such a source; (f) would require the Collateral Agent to incur liquidation costs that cannot be recouped from the cash proceeds of sale, unless such costs are borne by the Mortgage Repo Qualified Directing Investor or otherwise assured to the Collateral Agent in its reasonable discretion; (g) unless otherwise agreed by the

Collateral Agent in writing, are submitted by a method other than through the notification features of the clearing systems utilised by the Issue and Paying Agent for the issuance and settlement of the Global Collateralised Medium Term Notes; *provided*, that no Mortgage Repo Class Collateral constituting Mortgage Assets may be sold at any time the related Underlying Seller is not then in default under the related Underlying Transaction (it being understood and agreed that Purchased Assets may be delivered to the applicable Underlying Seller in accordance with any Underlying Seller Repurchase Option or upon the occurrence of the applicable repurchase date under the applicable Underlying Transaction against receipt by the Collateral Agent of the applicable repurchase price, which amounts shall be applied as Net Cash Proceeds in accordance with the Mortgage Repo Post-Acceleration Priority of Payments.

If a Mortgage Repo Qualified Directing Investor that has previously delivered a Mortgage Repo Directing Investor notice (x) fails to submit Mortgage Repo Qualified Instructions as to the applicable Mortgage Repo Class Collateral for a period of thirty (30) days, or (y) by the date thirty (30) days following the Acceleration Date (with such period tolled for any period that a permissive or mandatory stay prevents a disposition), fails to direct the Collateral Agent to dispose of sufficient Mortgage Repo Class Collateral to generate sufficient Net Cash Proceeds, and/or to direct the Collateral Agent to deliver to the Seller Purchased Assets, in an aggregate amount equal to the amount due and payable from the LLP to the Seller pursuant to the Mortgage Asset Repurchase Agreement with respect to the Repurchase Transactions related to each Mortgage Repo Directing Investor Class in respect of which such Mortgage Repo Qualified Directing Investor is acting, the related Class will thereafter be deemed not to be a Mortgage Repo Directing Investor Class, and such Mortgage Repo Class Collateral will be sold by the Collateral Agent in accordance with the Mortgage Asset Security Agreement, and the Net Cash Proceeds applied in accordance with the Mortgage Repo Post-Acceleration Priority of Payments for Classes other than Mortgage Repo Directing Investor Classes. If a Mortgage Repo Qualified Directing Investor submits Mortgage Repo Qualified Instructions, but such Mortgage Repo Qualified Instructions do not instruct the Collateral Agent to dispose of such applicable Mortgage Repo Class Collateral within six (6) months after the Acceleration Date (with such period tolled for any period that a permissive or mandatory stay prevents such disposition), then, subject to clause (b) in the immediately preceding paragraph, such Mortgage Repo Qualified Directing Investor must either: (i) submit a Mortgage Repo Qualified Instruction that the remaining Mortgage Repo Class Collateral for each Mortgage Repo Directing Investor Class as to which the Mortgage Repo Qualified Directing Investor is acting be delivered to such Mortgage Repo Qualified Directing Investor or its nominee Affiliate in kind, or (ii) agree with the Collateral Agent in an arrangement that comports with the paragraph immediately below. In the absence of compliance with (i) or (ii) above, the related Class will thereafter be deemed not to be a Mortgage Repo Directing Investor Class, and such Mortgage Repo Class Collateral will be sold by the Collateral Agent in accordance with the Mortgage Asset Security Agreement, and the Net Cash Proceeds applied in accordance with the Mortgage Repo Post-Acceleration Priority of Payments for Classes other than Mortgage Repo Directing Investor Classes.

Mortgage Repo Post-Acceleration Priority of Payments

Subject to compliance with any mandatory stay imposed by any governmental authority under applicable law, beginning on the date on which any Acceleration Event occurs and on each Business Day thereafter, the Collateral Agent will exercise remedies in accordance with the Mortgage Asset Security Agreement, including without limitation, on the first Business Day following the Acceleration Date, undertaking the following actions with respect to the Mortgage Repo Class Collateral, and making the following payments (the "**Mortgage Repo Post-Acceleration Priority of Payments**"):

(a) Classes Other Than Mortgage Repo Directing Investor Classes. With respect to each related Class of the Global Collateralised Medium Term Notes which is not a Mortgage Repo Directing Investor Class, the Collateral Agent will:

(i) with respect to any Mortgage Repo Class Collateral (x) for which the Underlying Seller of the Mortgage Loan relating thereto is not then in default under the related Underlying Transaction Documents, make commercially reasonable efforts to offer for sale any Trust Receipts (or interests therein) relating to such Mortgage Repo Class Collateral until such time as the Trust Receipts are sold (provided that the Collateral Agent will not sell any such Trust Receipt until and unless the Trust Receipt Sale Condition is satisfied with respect to the related Mortgage Repo Class Collateral) or (y) for which the Underlying Seller of the Mortgage Loan relating thereto is then in default under the related Underlying Transaction Documents, sell any Mortgage Repo Class Collateral related to each such Class in accordance with this Agreement;

provided, that, until such time as all obligations of the related Seller or Underlying Seller to the LLP or Seller, as applicable, under the Mortgage Asset Repurchase Agreement or Underlying Transaction Documents, as applicable, are discharged, Collateral Agent will maintain any interests of Seller, as "buyer" under the applicable Underlying Transactions, in such applicable Underlying Transactions, and apply any amounts remitted by Underlying Sellers with respect to the Mortgage Repo Class Collateral (whether in connection with the exercise of any Underlying Seller Repurchase Option, receipt of any Income or upon the occurrence of the applicable repurchase date under the applicable Underlying Transaction or otherwise) as Net Cash Proceeds in accordance with clause (ii) below; and

(ii) apply the Net Cash Proceeds received pursuant to clause (i) above for each related Class to make the following payments in the following order of priority:

(A) *first, pro rata* according to the respective amounts thereof, in or towards satisfaction of the Mortgage Repo Payment Amounts due to the Noteholders of each such Class pursuant to the LLP Undertaking (Mortgage Repo);

(B) *second*, to pay each related Seller any amounts due and payable by the LLP to the Seller pursuant to the Repurchase Transactions related to such Class; and

(C) *third*, the remaining amount, if any, to the LLP Master Account.

(b) Mortgage Repo Directing Investor Classes. The Collateral Agent will accept and promptly act upon all Mortgage Repo Qualified Instructions received from each applicable Mortgage Repo Qualified Directing Investor, with respect to the disposition of the Mortgage Repo Class Collateral related to each affected Class unless and until all Mortgage Repo Payment Amounts due to the Holder of each related Class pursuant to the LLP Undertaking (Mortgage Repo) have been satisfied. In connection with any disposition of some or all of the Mortgage Repo Class Collateral for a Mortgage Repo Directing Investor Class:

(i) to the extent such disposition is for cash, the Collateral Agent will apply the Net Cash Proceeds arising from such disposition in or towards satisfaction of the Mortgage Repo Payment Amounts due to the Noteholder of each related Class pursuant to the LLP Undertaking (Mortgage Repo); and

(ii) to the extent such disposition is not for cash, the Collateral Agent will reduce the Mortgage Repo Payment Amounts due to the Holder of each related Class pursuant to the LLP Undertaking (Mortgage Repo) by an amount equal to the Mortgage Repo Market Value of the portion of the Mortgage Repo Class Collateral that is the subject of such disposition, such Mortgage Repo Market Value (to be as determined by the Mortgage Custodian) as of the close of business on the Business Day prior to such disposition; *provided that*, to the extent that (x) the Mortgage Repo Market Value of the portion of the Mortgage Repo Class Collateral that is the subject of such disposition exceeds (y) the Mortgage Repo Payment Amounts due to the Holder of each related Class pursuant to the LLP Undertaking (Mortgage Repo), the Collateral Agent will require such Holder to remit to the Collateral Agent an amount in immediately available funds equal to such difference prior to delivery of such Mortgage Repo Class Collateral;

provided, that Mortgage Assets may be delivered to the applicable Underlying Seller in accordance with any Underlying Seller Repurchase Option or upon the occurrence of the applicable repurchase date under the applicable Underlying Transaction against receipt by the Collateral Agent of the applicable repurchase price, which amounts will be applied as Net Cash Proceeds in accordance with clause (i) above. For purposes of this section, "**Trust Receipt Sale Condition**" means either (a) the proposed disposition of the applicable Trust Receipts (or interests therein) will result in Net Cash Proceeds equal to or exceeding the Repurchase Price of the Repurchase Transaction to which such Mortgage Repo Class Collateral relates or (b) the Holders of not less than a majority of the Principal Amount Outstanding of the applicable Class consent to such disposition.

If any Mortgage Repo Class Collateral remains after satisfaction of the Mortgage Repo Payment Amount due to the Noteholder of a Mortgage Repo Directing Investor Class, the remaining portion of such Mortgage Repo Class

Collateral will be sold by the Collateral Agent in accordance with the Mortgage Asset Security Agreement and the Net Cash Proceeds thereof will be applied in the following order: (A) to pay the Seller any amounts due and payable by the LLP to the Seller pursuant to the Repurchase Transactions related to such Class; and (B) the remaining amount, if any, to the LLP Master Account.

Application of Mortgage Repo Class Collateral following a Repurchase Event of Default of LLP

With respect to each Class of the Global Collateralised Medium Term Notes as to which a Repurchase Event of Default has occurred where the LLP is the defaulting party, following the exercise of remedies by the Seller, the Collateral Agent will be permitted to instruct the Mortgage Custodian or the applicable Sub-Custodian to return the Mortgage Repo Class Collateral to the Seller against payment by the Seller of the associated Repurchase Price in immediately available funds (which funds will be deposited by the Seller, Mortgage Custodian or such Sub-Custodian into each related Mortgage Repo Collateral Account and/or the Escrow Account for each such Class). On each date that amounts become due to the Holders of each such Class pursuant to the LLP Undertaking (Mortgage Repo), the Collateral Agent will withdraw (or where applicable, direct the Mortgage Custodian to do so) the applicable funds representing the Mortgage Repo Class Collateral from each Mortgage Repo Collateral Account for such Class and/or the Mortgage Repo Escrow Account for such Class, and apply the funds to make the following payments in the following order of priority, with no application to be made until all actual or contingent liabilities under the LLP Undertaking (Mortgage Repo) to the Holders of such Class in respect of Payment Amounts have been satisfied in full: (a) *first*, pro rata according to the respective amounts thereof, in or towards satisfaction of any amounts due to the Holders of each such Class pursuant to the LLP Undertaking (Mortgage Repo); and (b) *second*, the remaining amount, if any, to the LLP Master Account.

Removal or Resignation of Collateral Agent

The Collateral Agent may resign upon 90 days' prior written notice to the LLP and the Administrator. The Collateral Agent may be removed for any of the following causes upon at least 90 days' prior written notice by the LLP or the Administrator: (a) a material adverse change in the business and operations of the Collateral Agent has occurred and is continuing, such that as a result of such change, the Collateral Agent no longer has the capacity or the competence to perform its obligations as Collateral Agent; (b) the Collateral Agent wilfully violates or wilfully breaches any provision of any of the Transaction Documents applicable to the Collateral Agent; (c) the Collateral Agent breaches in any material respect any provision of any of the Transaction Documents applicable to the Collateral Agent, which breach if capable of being cured, is not cured within 30 days of the Collateral Agent becoming aware of, or receiving notice from the LLP or the Administrator of, such breach; (d) the failure of any representation, warranty, certification or statement made or delivered by the Collateral Agent in or pursuant to any of the Transaction Documents to be correct in any material respect when made and no correction is made for a period of 45 days after the Collateral Agent becoming aware of, or its receipt of notice from the LLP or the Administrator of, such failure; (e) the Collateral Agent is wound up or dissolved or there is appointed over it or a substantial part of its assets a receiver, administrator, administrative receiver, trustee or similar officer; or the Collateral Agent (i) ceases to be able to, or admits in writing its inability to, pay its debts as they become due and payable, or makes a general assignment for the benefit of, or enters into any composition or arrangement with, its creditors generally; (ii) applies for or consents (by admission of material allegations of a petition or otherwise) to the appointment of a receiver, trustee, assignee, custodian, liquidator or sequestrator (or other similar official) of the Collateral Agent or of any substantial part of its properties or assets, or authorises such an application or consent, or proceedings seeking such appointment are commenced without such authorisation, consent or application against the Collateral Agent and continue undismissed for 60 days or any such appointment is ordered by a court or regulatory body having jurisdiction; (iii) authorises or files a voluntary petition in bankruptcy, or applies for or consents (by admission of material allegations of a petition or otherwise) to the application of any bankruptcy, reorganisation, arrangement, readjustment of debt, insolvency, dissolution, or similar law, or authorises such application or consent, or proceedings to such end are instituted against the Collateral Agent without such authorisation, application or consent and remain undismissed for 60 days or result in adjudication of bankruptcy or insolvency or the issuance of an order for relief; or (iv) permits or suffers all or any substantial part of its properties or assets to be sequestered or attached by court order and the order (if contested in good faith) remains undismissed for 60 days or (f) the criminal indictment of the Collateral Agent for the occurrence of an act by the Collateral Agent that constitutes fraud or criminal activity in the performance of its obligations under any of the Transaction Documents applicable to the Collateral Agent, as determined by a final adjudication by a court of

competent jurisdiction or the indictment for criminal prosecution of any senior officer of the Collateral Agent for a criminal offense materially related to its obligations under the Mortgage Asset Security Agreement.

No institution will be eligible to serve as a successor Collateral Agent unless it: (a) is not an affiliate of the outgoing Collateral Agent; (b) is legally qualified and has the capacity to act as Collateral Agent under the Mortgage Asset Security Agreement and under the terms of the other Transaction Documents and (c) has a combined capital and surplus of at least US \$200,000,000, a short term debt rated at least "P-1" by Moody's and at least "A-1" by S&P and a long term debt rated at least "Baa1" by Moody's and at least "BBB+" by S&P.

In addition, if The Bank of New York Mellon is appointed as Collateral Agent, it has the right to resign as Collateral Agent, without regard to any notice requirement set forth in the Mortgage Asset Security Agreement but subject to the appointment of a successor Collateral Agent and the satisfaction of certain other conditions, if its appointment as the Master Mortgage Custodian is terminated.

ELIGIBLE ASSETS FOR MORTGAGE REPO

Certain categories of mortgage assets described below may constitute Eligible Assets. Such categories correspond with the Bank's guidelines and practices for making such determinations in entering into repurchase transactions as the 'buyer' of mortgage assets with counterparties, including the Underlying Sellers, which criteria are subject to change. The Final Terms relating to any Mortgage Repo Class will identify which of such categories of mortgage assets are Eligible Assets for that particular Mortgage Repo Class and identify the applicable form of collateral eligibility statement issued by the Mortgage Custodian set forth in Annex A to this Supplement ("**Collateral Eligibility Statement**"), which will establish haircuts with respect to each such category of mortgage asset. For each Mortgage Repurchase Transaction, the completed Collateral Eligibility Statement will be consistent with the description of the Eligible Assets set forth in the related Final Terms for the related Mortgage Repo Class.

Prospective investors in any Class of Global Collateralised Medium Term Notes that is a Mortgage Repo Class should carefully review the related Final Terms for such Mortgage Repo Class, and the description of Eligible Assets set forth therein.

Residential Mortgage Loans

The Bank lends to various originators or aggregators of residential mortgage loans and applies its internal quality and review standards to each warehouse borrower and to the mortgage loans financed. Not all residential mortgage loans that are financed by the Bank through its warehouse facilities will become Mortgage Repo Class Collateral.

Currently the Bank lends to warehouse borrowers with respect to a variety of residential loan types that include, but are not limited to, the following types (each as described herein below, and with their assigned categorisation as described below):

- Agency Eligible Loans (new origination) and FHA Modifications ("Category B")
- Agency "wet" Loans ("Category C")
- HECM Buyouts (active) ("Category D")
- FHA Buyout/HECM Buyouts (inactive) ("Category E")
- Qualified Jumbo Loans ("Category F")
- Small Balance Commercial Mortgages ("Category G")
- Non-Qualified Mortgages (Qualified Mortgage is defined below) ("Category H")
- Residential Transition Loans ("Category I")
- HECM Mortgages ("Category J")
- Reverse Mortgages ("Category K"); and
- Seasoned ("Category L")
- Commercial Mortgage Loans that are not Small Balance Commercial Mortgage Loans ("Category M")

Borrower's cash held by the Bank is always treated as "Category A."

In connection with each type of residential mortgage loan it finances, the Bank relies on the representations and warranties made by each respective warehouse borrower with respect to, among other things, the relevant loan type (as described above) categorisation (i.e.: Agency Eligible, Qualified Jumbo, etc.) and such loan's conformance to the borrower's stated underwriting standards. In addition in connection with the Bank's warehouse lending business, the Bank will engage third parties to conduct due diligence on a sample set of the residential mortgage loans to review that the mortgage loans were underwritten to the borrower's stated underwriting guidelines to detect any trends or deviations. It should be noted, however, that (i) certain residential mortgage loans, predominantly Agency Eligible mortgage loans, may be removed from the warehouse program before normal due diligence can be conducted and (ii) the number of loans in a sample set and the type of diligence conducted may differ from that customarily done in respect of a typical newly issued securitisation transaction. The combination of representations made by the warehouse borrower and the due diligence conducted by the Bank, as qualified above, will influence whether the mortgage loan will be correctly categorised by loan type, which in turn will affect its inclusion as an Eligible Asset/Purchased Asset.

See below for a brief summary of each mortgage loan type:

Type

Agency Eligible
(other than Agency Wet)

Description

Residential mortgage loans that comply with the eligibility requirements of Ginnie Mae, Fannie Mae or Freddie Mac.

- Mortgage loans eligible for inclusion in Ginnie Mae pools must be guaranteed or insured by a federal government agency. Most are insured by the FHA or guaranteed by the VA.
- Fannie Mae and Freddie Mac purchase loans that meet their respective eligibility requirements, including, among other things, a cap on the principal balance of the mortgage loans, as well as creditworthiness criteria such as loan-to-value ratios, credit score requirements, debt service coverage ratios and the like. The eligibility requirements are set forth in guides published by these Agencies.

Underlying Sellers typically sell Agency Eligible loans to the Bank from the time of origination until the loans are repurchased by the related Underlying Seller in the underlying repo financing and pooled with other Ginnie Mae eligible loans for inclusion in a Ginnie Mae mortgage-backed security or sold to Fannie Mae or Freddie Mac (or sometimes sold to other whole loan buyers).

FHA Modifications

A servicer may be required to purchase an FHA loan out of a Ginnie Mae pool as a result of delinquent borrower payments, among other reasons. Before any FHA insurance claim is made the servicer may attempt to modify the terms of the loan. A test period follows to see whether the borrower is capable of making payments under the modified terms. Once the trial period is complete, if the borrower is paying, the loan is considered "re-performing" and is eligible for repooling with Ginnie Mae.

FHA loans that have been purchased out of Ginnie Mae pools and are eligible for repooling are known as "FHA Modifications."

Agency Wet

In order to originate mortgage loans, an originator typically must disburse funds to a settlement agent, which obtains the mortgage note and other mortgage documents from the borrower, records the mortgage and releases the funds to the borrower. In a wet funding, the Bank remits a portion of the funds directly to the settlement agent on behalf of the Underlying Seller, and the Underlying Seller as originator remits to the settlement agent the remainder of the funds needed to fund the loan. After closing, the settlement agent delivers the mortgage note to a custodian. The loans are referred to as "wet," as though the ink on the mortgage note has not "dried," until the mortgage note is received by the custodian and the custodian issues a trust receipt.

An Agency Wet loan is reclassified as an Agency Eligible mortgage loan as soon as the Bank receives the trust receipt from the custodian, which confirms that the loan has "dried."

HECM Buyout (active)

Most HECMs are pooled with other Ginnie Mae eligible loans for inclusion in a Ginnie Mae mortgage-backed security after the Underlying Seller repurchases such HECMs.

- Because the interest that accrues on a HECM is added to the principal balance rather than being paid currently, the principal balance of a HECM grows over time. Ginnie Mae requires the servicer of a HECM that has been included in a

	<p>Ginnie Mae mortgage-backed security to purchase the HECM out of the Ginnie Mae pool when its outstanding principal balance reaches 98% of its maximum FHA insured claim amount.</p> <ul style="list-style-type: none"> • A HECM that reaches the 98% threshold must be bought back from Ginnie Mae (a "HECM Buyout") but cannot be submitted to FHA for an insurance claim until there is a "maturity event" related to the HECM, as described above. • A HECM Buyout that has reached the 98% threshold is considered "active" if it has been bought out and no maturity event has occurred. A servicer's holding period for an active HECM Buyout is uncertain and could be long. • Many Underlying Sellers, as servicers, finance their HECM Buyouts with the Bank pursuant to an Underlying Seller Agreement.
HECM Buyout (inactive)	<p>Once a maturity event (as described above) occurs, a HECM Buyout is considered "inactive" and assigned to the corresponding eligibility category listed above.</p>
FHA Buyout	<p>An FHA Buyout is a residential mortgage loan insured by the FHA that has been bought out of a Ginnie Mae pool.</p> <ul style="list-style-type: none"> • An FHA loan is one in which the owner of the loan including a lender such as the Bank can obtain insurance coverage from the FHA if it suffers a loss. • Most FHA loans are pooled into Ginnie Mae pools after the Underlying Seller repurchases such loans from the Bank. • When an FHA loan becomes delinquent, the servicer may purchase the loan out of the Ginnie Mae pool, at which point it will be treated as an FHA Buyout.
Qualified Mortgage (Jumbo)	<p>A Qualified Mortgage is a first lien conventional mortgage loan that does not meet eligibility requirements of Ginnie Mae, Fannie Mae or Freddie Mac due to any number of factors, typically because the principal balance exceeds agency limits. On the other hand, these loans do satisfy the criteria for a "qualified mortgage" in connection with the ability-to-repay provisions of the Truth in Lending Act.</p>
Small Balance Commercial	<p>Although not residential mortgage loans, small balance commercial mortgage loans are managed by the Bank using the same platform as that used for residential mortgage loans (and not the platform used by the Bank for other commercial mortgage loans, as described below). Small balance commercial mortgage loans are secured by a first lien generally on either various types of smaller commercial properties or residential rental properties consisting of one- to four-family dwelling units.</p>
Non-Qualified Mortgage	<p>A mortgage loan that does not satisfy the eligibility requirement of the Agencies or criteria for a "qualified mortgage" in connection with the ability-to-repay provisions of the Truth in Lending Act.</p>
Residential Transition	<p>Residential Transition Loans are secured by residential, one- to four-family properties, but they are not owner occupied. Instead, they are owned by investors who may be making improvements on the property before selling the properties. The loan terms on these loans are typically no longer than 24 months.</p>

Home Equity Conversion Mortgage (HECM)

HECMs are reverse mortgage loans that are administered and guaranteed by the FHA.

- Reverse mortgage loans are loans made to senior citizens (i.e., people over the age of 62). The principal amount that may be borrowed is determined by using a combination of valuations on the home and actuarial information about the borrower. The lender advances funds to the borrower, either in a lump sum or in more than one advance.
- Unlike a forward mortgage loan, the borrower in a reverse mortgage loan does not make monthly payments. Interest accrues on the mortgage loan but is not paid currently. Instead, the accrued interest is added to the principal balance of the mortgage loan.
- Principal and interest are paid on reverse mortgage loans only upon a "maturity event." Maturity events include the death of the borrower, the relocation of the borrower, or the failure of the borrower to pay taxes or insurance on the property.
- After the lender is paid in full, any excess proceeds from the sale of a home will be returned to the borrower (or, if the borrower is deceased, to the borrower's estate).
- The FHA guarantees HECMs, which means that if a maturity event occurs and the property is not worth enough to pay off the balance due under the related mortgage note, the owner of the note can make a claim for insurance for the deficiency (subject to a number of restrictions).
- If any Eligible Asset that is a HECM has undrawn amounts and the Underlying Seller fails to make required advances, such mortgage loan will no longer be an Eligible Asset.

Reverse

Not all reverse mortgage loans are insured by FHA.

- A lender may originate a reverse mortgage loan and choose not to obtain insurance because the loan does not meet eligibility requirements of HECMs, due to a number of factors, such as having an original principal balance in excess of FHA limits.
- Because these loans are not eligible for pooling with other Ginnie Mae eligible loans, the Bank finances these loans from origination until the Underlying Seller repurchases the loan in order to sell it to a third party take-out investor or in order to securitise it in a securitisation that does not involve one of the Agencies.
- If any Eligible Asset that is a reverse mortgage loan has undrawn amounts and the Underlying Seller fails to make required advances, such mortgage loan will no longer be an Eligible Asset.

Seasoned

A seasoned mortgage loan is a non-performing or re-performing forward or reverse mortgage loan that is not Agency Eligible and is not government insured.

Commercial Mortgage Loans

See below for a description.

Commercial Mortgage Loans

The Bank finances various types of commercial mortgage assets. The types of commercial mortgage assets the Bank finances through its warehouse facilities are:

- whole senior loans,
- pari passu senior loans,
- whole participations in senior loans, and
- pari passu participations in senior loans.

Not all commercial mortgage loans or commercial mortgage assets that are financed by the Bank through its warehouse facilities will become Mortgage Repo Class Collateral. The commercial real estate property types in respect of which the Bank is willing to provide warehouse finance include multifamily, office, retail, hospitality, industrial, self-storage and manufactured housing communities. Some commercial mortgage assets may have delayed draw or other features that require one or more additional advances to be made to the related borrower. If any such Eligible Asset has undrawn amounts and the Underlying Seller fails to make required advances, such mortgage loan will no longer be an Eligible Asset.

Except to the extent that the Bank is providing warehouse finance in connection with the senior loan, the Bank does not provide warehouse finance for:

- B notes or other junior or subordinated loans,
- subordinated or junior participations in senior loans, or
- mezzanine loans or participations in mezzanine loans.

None of these types of commercial mortgage interests will be Eligible Assets except to the extent such interest is included in the same Repurchase Transaction as the related senior loan.

For each commercial mortgage asset that is intended to be funded on a repo facility, Bank personnel request and receive a variety of documentation, including the prospective seller's Asset Summary Report ("**ASR**"), third party reports as appropriate (e.g. appraisal, environmental (Phase I/II), engineering (PCR) and zoning reports), operating financial statements (including historical and current, budget and rent rolls) and any other documentation necessary to evaluate the credit risk associated with the commercial mortgage asset. The Bank prepares its own underwriting, and prepares a confidential internal ASR that supplements the prospective seller's ASR. Additionally, the Bank may perform a site inspection on the prospective property. For floating rate assets, the Bank may engage external counsel to review all legal, assignment and pledge documents, exception reports and other documents necessary to perfect the Bank's legal interest.

Once an asset is funded by the Bank on its warehouse lines, the Bank will collect and review updated servicing data (e.g. outstanding principal balance, additional advances made and the paid through date) in addition to reviewing the underlying loan performance as evidenced by operating financial statements, budget and rent rolls, as well as other information relayed by the servicers, the borrowers and the asset seller. On a monthly basis, Bank personnel reviews the information received to identify any material changes in asset condition or loan performance including reviewing the status of planned renovations, any changes to the operating and fixed expense structure, confirming compliance with loan conditions and payment remittances, and updates to leasing activity. Bank personnel also review submarket rents, vacancy rates, absorption statistics and construction figures as available through third party vendor reports. Bank personnel also review monthly national and submarket capitalization rates as reported by third party vendors. This information is compiled and summarized in a confidential internal Asset Management Report, which is prepared for each floating rate asset detailing loan performance and updated underwriting information, and analysis of progress on the business plan. The Bank's credit officers periodically review individual loan performance, assets to watch, and property specific details. At these periodic meetings, the Bank assigns a risk rating for each asset based on a scale of 1 to 5 as detailed below:

Rating	Name of Rating	Description of Rating
1	Performing - Strong	The loan/property has strong metrics that are in line or better than anticipated, and is in line or ahead of business plan.
2	Performing - Good	The loan/property has good metrics that are in line with expectations, and is in line with the business plan.
3	Performing - Fair	The loan/property has acceptable metrics that are near expectations, and is close to the business plan with no material valuation implications.
4	Watch List	The loan/property is materially underperforming expectations on metrics and/or business plan, potentially with material valuation implications.
5	Non-Performing	The loan/property has a history of late payments and/or is currently in monetary or other material default, or there are material valuation implications.

If a borrower's performance is materially different from the business plan or the asset is underperforming compared to the initial underwriting, the Bank may make a margin call requiring additional cash collateral to be posted by the seller.

In order to be an Eligible Asset, commercial mortgage assets must be in categories 1 – 3 on the above list. The LLP does not participate in the credit underwriting or monitoring of the mortgage assets, and will be entirely dependent upon the Bank as Seller notifying it if a mortgage asset is assigned to category 4 or category 5 above.

A-6

**Schedule of Eligible Assets
with respect to which The Bank of New York Mellon is Mortgage Custodian**

INVESTMENT CATEGORY	MARGIN PERCENTAGE
Grade A __ (Check) Cash	100%
Grade B* __ (Check) Agency eligible Mortgage Loans (FNM, FRE, GNMA) & FHA Modifications	100+__%
Grade C* __ (Check) Agency Wet Loans (FNM, FRE, GNMA) Residential Mortgage Loans _____ Agrees to Seller Pricing Grade C	100+__%
Grade D* __ (Check) HECM Buyouts (active) _____ Agrees to Seller Pricing Grade D	100+__%
Grade E* __ (Check) FHA Buyouts /HECM Buyouts (inactive) _____ Agrees to Seller Pricing Grade E	100+__%
Grade F* __ (Check) Qualified Mortgage Jumbo _____ Agrees to Seller Pricing Grade F	100+__%

Grade G* __ (Check)	
Small Balance Commercial	
_____ Agrees to Seller Pricing Grade G	100+___%

Grade H* __ (Check)	
Non-Qualified Mortgage	
_____ Agrees to Seller Pricing Grade H	100+___%

Grade I* __ (Check)	
Residential Transition Loan (RTL)	
_____ Agrees to Seller Pricing Grade I	100+___%

Grade J* __ (Check)	
HECM	
_____ Agrees to Seller Pricing Grade J	100+___%

Grade K* __ (Check)	
Reverse	
_____ Agrees to Seller Pricing Grade K	100+___%

Grade L* ____ (Check)	
Seasoned (forward and reverse)	
___ Agrees to Seller Pricing Grade L	100+___%

Grade M* ____ (Check)	
Commercial Real Estate	
___ Agrees to Seller Pricing Grade M	100+___%

; provided that:

- (i) any Mortgage Asset that is or becomes real estate owned shall cease to be an Eligible Asset at the time of the related foreclosure;
- (ii) any Mortgage Asset as to which future draws are available to the borrower shall cease to be an Eligible Asset upon any default in performance by the related Underlying Seller;
- (iii) any Mortgage Asset shall cease to be an Eligible Asset on the last day of any permitted refinancing period established by HUD or FHA with respect to such type of Mortgage Asset; and
- (iv) any Mortgage Asset shall cease to be an Eligible Asset if the Seller is aware the related servicer therefor does not have, or has not maintained as current, the requisite licenses and approvals for the applicable mortgage asset type, or if the Seller has terminated such servicer's servicing rights with respect to such Mortgage Asset, and in either case, a replacement Servicer has not been appointed within forty-five (45) days or such shorter period as may be required by applicable law or government or Agency guidelines.

* In the form of whole loans or represented by Trust Receipt taking the form set forth in the applicable Sub-Custodial Agreement.

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____