

IMPORTANT NOTICE

THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OF ROCHESTER FINANCING NO.3 PLC (THE "ISSUER") (THE "NOTES"). THIS DOCUMENT MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER.

THIS DOCUMENT MAY CONTAIN INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF REGULATION (EU) 596/2014 AND/OR REGULATION (EU) 596/2014 AS IT FORMS PART OF ENGLISH LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 .

The contents of this document are confidential and may not be copied, distributed, published, reproduced or reported (in whole or in part) or disclosed by you to any other person. This document and any information contained herein shall remain the property of the Issuer and in making the document available to you, no rights (including any intellectual property rights) over this document and the information contained herein has been given to you. Redistribution of this document is strictly prohibited. None of the Co-Arrangers, the Sole Lead Manager or any of the Transaction Parties accepts any liability whatsoever for the actions of third parties in this respect.

You are reminded that the document has been delivered to you on the basis that you are a person into whose possession this document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the document to any other person.

COPY

EXECUTION VERSION

DISCLOSURE LETTER

To: Rochester Financing No.3 plc
1 Bartholomew Lane, London
United Kingdom, EC2N 2AX
(Registered Number 13365012)

From: Rochester Mortgages Limited
Reliance House, Sun Pier,
Chatham, Kent ME4 4ET
(Registered Number 09928431)

15 June 2021

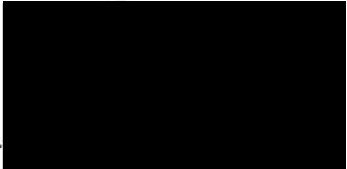
Dear Sir or Madam,

Project Ruffino

We refer to the agreement (the **Mortgage Sale Agreement**) to be entered into today between ourselves, Rochester Mortgages Limited (the **Seller**), and yourselves Rochester Financing No.3 plc (the **Purchaser**) relating to the acquisition of the Mortgage Portfolio (as defined in the Mortgage Sale Agreement) (the **Portfolio**) by the Purchaser on the terms and subject to the conditions set out therein.

1. This letter constitutes the Disclosure Letter referred to in clause 14 (*Warranty Limitations*) of the Mortgage Sale Agreement. The Purchaser agrees that it shall not be entitled to claim that any fact, matter or circumstance causes any of the Warranties to be breached if it has been disclosed in or by virtue of this Disclosure Letter (the **Disclosures**).
2. The disclosure of any matter hereby shall not imply any representation, warranty, undertaking, assurance, covenant, indemnity, guarantee or other commitment of any nature whatsoever not expressly given in the Mortgage Sale Agreement and none of the Warranties shall be extended in scope by any of the Disclosures.
3. Unless otherwise specified, words and expressions defined or incorporated by reference in the Mortgage Sale Agreement shall have the same meanings in this letter and the principles of interpretation incorporated in the Mortgage Sale Agreement shall apply to this letter.
4. The matters set out in Appendix 1 and Appendix 2 to this letter are disclosed. For convenience only, the paragraph numbers contained in Appendix 1 correspond to those in Schedule 2 (Asset Warranties) to the Mortgage Sale Agreement.
5. Please acknowledge receipt of this Disclosure Letter, and its attachments, and confirm your acceptance of its contents, by signing and returning to us the enclosed copy of this letter.

Yours faithfully,



.....
Director [redacted] and on behalf of
Rochester Mortgages Limited

COPY

Receipt of this Disclosure Letter, and its attachments, is acknowledged by us and the contents of this Disclosure Letter are accepted on the terms set out in it.

Dated: 15 June 2021

Yours faithfully



.....
Director for and on behalf of
Rochester Financing No.3 plc
per pro Intertrust Directors 1 Limited, as Director

COPY

APPENDIX 1

SPECIFIC DISCLOSURES

This documents constitutes specific Disclosures made against the Warranties as set out in the Mortgage Sale Agreement dated 15 June 2021.

1. **Accuracy of information provided – outstanding principal balance**

None.

2. **Accuracy of information provided**

None.

3. **Mortgage terms**

See disclosure in Appendix 2.

The DB UK Bank Limited (the **DB Seller**) agreed temporary concessions with Borrowers, in particular in connection with voluntary sales and due to temporary changes in Borrowers' circumstances.

4. **First ranking mortgage**

See disclosure in Appendix 2.

5. **Enforceable obligations**

As described in connection with Asset Warranty 3 (Mortgage Terms), above, the DB Seller and Odin Mortgages Limited (together, the **Previous Sellers**) did not seek to enforce certain provisions of the Standard Mortgage Documentation, including the "Variation of the Variable Rate" provisions in the 2004 versions of the Money Partners Mortgage Conditions (the **2004 Mortgage Conditions**). The provision permits the lender to vary the Variable Rate (as defined in the 2004 Mortgage Conditions) at its own discretion without a valid reason. Neither the Previous Sellers nor the Seller have sought to rely on this provision and the Previous Sellers have, from December 2008 for their period of ownership of the Mortgage Portfolio, set the Variable Rate (which is a component in the calculation of customers' mortgage rates) quarterly to reflect 3-month GBP LIBOR. The Seller has continued to set the Variable Rate quarterly to reflect 3-month GBP LIBOR.

6. **Transferability of mortgage to Purchaser**

None

7. **Transferability of legal title**

None

8. **Ownership of legal title**

None

9. **Ownership of beneficial title**

None

10. **No borrower entitled to set-offs**

None

11. **No further advance / redraw obligations**

None.

12. **Mortgage originated in compliance with the lending criteria**

The final notice issued by the Financial Services Authority on 15 December 2010 in respect of the mortgage origination activities of the DB Seller (trading as DB Mortgages) (the **Final Notice**), identified a number of failures by the DB Seller to comply with its Business Underwriting Guidelines and other lending policies including those summarised below:

- failing to obtain details of where a customer would live at the end of the mortgage term where the customer was entering into an interest-only Mortgage Loan; and
- failing to offer products with lower interest rates to customers who applied for self-certified mortgages, but may have qualified for products with lower interest rates.

13. **Holding of title deeds by servicer (or to its order)**

The title deeds and documents of title cannot be located or are not held to the order of the Seller in respect of 5 Mortgage Loans, as detailed below:

1.	106495	3.	502371	5.	501072
2.	500125	4.	502552		

14. **Perfection of mortgage**

None.

15. **No waivers of rights by the Sellers**

See disclosure in connection with Asset Warranty 3 (Mortgage terms).

16. **MCOB compliance**

As described in relation to Warranties 5 (Enforceable obligations) and 15 (No waivers of rights by the Sellers) above, and as further detailed in Appendix 2, certain provisions of the Standard Mortgage Documentation may not comply with all relevant regulatory provisions, to the extent that such Standard Mortgage Documentation has not been varied by the Previous Sellers in the manner described above in relation to Asset Warranty 15 (No waivers of rights by the Sellers).

The Final Notice identified a series of breaches of the MCOB rules by the DB Seller. Based on a review of a sample of 66 mortgage files in the case of responsible lending issues and 77 mortgage files in the case of arrears handling and repossession, the FSA identified breaches of MCOB rules 11.3.1R, 12.4.1R, 13.3.1R and 13.4.1R. These breaches were in connection with:

- failing to take into account a borrower's ability to repay their mortgage on retirement;

- failing to ensure that fees charged upon entering into arrears were representative of reasonable estimate of the administrative cost involved;
- failing to deal with customers fairly upon entering into arrears, including not paying due consideration to a customer's individual circumstances and failing to take reasonable steps to ensure that customers were informed of the options available to them; and
- failing to provide customers with the relevant information upon entering into arrears, or providing such information outside of the required regulatory time frame.

The findings of this Final Notice are indicative that similar breaches of the MCOB rules may have occurred in the course of the origination of other Mortgage Loans by the DB Seller.

17. **Regulated Credit Agreements**

None.

18. **Interest**

See disclosure in connection with Asset Warranty 5, above.

Between the launch of dbm in 2006 and 31 August 2012, LIBOR set by rounding the then current BBA three-month LIBOR rate to the nearest two decimal places. Between 1 September 2012 and today, LIBOR has been set by rounding the then current BBA three-month LIBOR rate to the nearest four decimal places.

The Mortgage Conditions for the relevant dbm Mortgages require that LIBOR be set by rounding-up the then current BBA three-month LIBOR rate to two decimal places. The Mortgage Conditions for the relevant MPL Mortgage require that LIBOR be set by rounding-up the then current rate to the next 0.05%. While the LIBOR rate was not set or charged in accordance with the provisions of the Mortgage Conditions, no customer detriment was suffered.

The DB Seller completed the transition of the setting of LIBOR in accordance with the applicable Mortgage Conditions prior to legal title to the Mortgage Portfolio being transferred to the Seller.

19. **Certificate of Title**

None.

20. **Litigation**

None.

21. **Non-breach of obligations**

In the case of certain Mortgage Loans, Borrowers provided an address for communications other than the relevant Mortgages Property. Although this may indicate a heightened risk of Borrowers letting the Mortgaged Property in contravention of the Standard Mortgage Documentation, the Previous Sellers were not aware of any such breach. In the case of certain other Mortgage Loans, Borrowers informed the Previous Sellers of their intent to let the Mortgaged Property in breach of the Standard Mortgage Documentation. It was not the DB Seller's policy to approve such letting. Nor was it the DB Seller's policy to enforce against a Borrower as a result of such breach.

22. **Status of Borrower**

None.

23. **Denomination of mortgage**

None.

24. **No employee loans**

None.

25. **Whole balance secured**

See disclosure in connection with Asset Warranty 4 (First Ranking Mortgages).

26. **No unfair terms**

None.

27. **Deed of consent from other occupiers**

In respect of the MPL Mortgages, pursuant to the relevant Standard Mortgage Documentation, the relevant Originator would seek a consent from persons who had attained the age of 18 (save for children of the Borrowers and children of someone living with the Borrower). It is unclear whether this consent took the form of a Deed of Consent.

28. **Property insurance**

None.

29. **Record-keeping**

None.

30. **Maturity Date**

None.

31. **Location of property**

None.

32. **Residential nature of property**

None.

33. **No prior assignment of title**

None.

34. **Marketable title**

None.

35. **Governing law**

None.

36. **Non-waiver of rights against third party advisors**
None.
37. **Fraud, misrepresentation and concealment**
None.
38. **Third party interests**
None.
39. **Solicitor's checks**
None.
40. **Flexible features**
None.
41. **Financial asset**
None.
42. **Stock or marketable securities, chargeable securities or chargeable interest**
None.
43. **PPI**
None.

COPY

APPENDIX 2

1. Varied / disappplied terms

The Previous Sellers identified certain provisions of the Standard Mortgage Conditions, which are potentially unfair or in breach of MCOB, if relied upon. In circumstances where a modification of terms was agreed with a Borrower, the Previous Sellers have provided a Supplemental Variation Deed to the Borrower specifically varying those terms.

2. Failure to complete affordability assessment

MCOB 11.3.1R required a firm to be able to show that, before entering into or making a further advance or a regulated mortgage contract, account was taken of a Borrower's ability to repay. As detailed in the Final Notice, in 2010 the FSA identified the DB Seller as having acted in breach of MCOB 11.3.1R.

In 2013, the DB Seller identified that it had failed to comply with MCOB 11.3.1R in connection with a number of Mortgage Loans. This breach was notified to the FCA in 2013.

The DB Seller identified two Borrowers that suffered a detriment as a result of the DB Seller's failure to comply with MCOB 11.3.1R. The DB Seller sought to redress this breach by providing the Borrowers with a refund of the difference between the monthly payment the customer could afford and the actual amount charged during the period in which the interest rate was higher than the Standard Average Rate that the affordability was assessed against (i.e. 7.25%).

The Mortgage Loan in respect of one of these Borrowers, 500275, remains part of the Mortgage Portfolio.

3. Arrears charges

MCOB 12.4.1R prohibits a regulated mortgage contract imposing charges for arrears other than those that are a reasonable pre-estimate of the cost of the additional administration required as a result of the customer being in arrears. In 2010, the DB Seller identified certain charges that were incorrectly applied to Borrower accounts including the monthly arrears charge applied to an account subject to an existing concession arrangement. The issue was identified as arising from a cumbersome and manual process for the disapplication of charges. As detailed in the Final Notice, in 2010 the FSA identified the DB Seller as having acted in breach of MCOB 12.4.1R.

4. Repossession where other reasonable efforts to resolve have failed

MCOB 13.3.1R required firms to deal fairly with customers who were in arrears, had a sale shortfall or were otherwise in breach of a home purchase plan. Further, a firm should have a written policy and procedures in place (and operate in accordance with such policy and procedures to ensure that firms deal fairly with customers in such scenarios. As detailed in the Final Notice, in 2010 the FSA identified the DB Seller as having acted in breach of MCOB 13.3.1R.

For example, MCOB 13.3.2E(1)(f) required a firm's written policy and procedure to allow repossession of a property only where other reasonable attempts to resolve the position have failed. In 2010, the DB Seller identified that its policies and procedures did not uniformly detail the availability of concessions to Borrowers.

5. Failure to provide information regarding missed payments

MCOB 13.4.1R requires lenders to provide the Money Advice Service’s information sheet “Problems paying your mortgage” to customers that have fallen into arrears, as well as information regarding the payments missed and the charges incurred as a result. In 2010, the DB Seller identified failures to comply with MCOB 13.4.1R; either failing to provide the information sheet, failing to provide both the information sheet and the relevant information regarding the missed payments or providing such information outside the 15 business day period required by MCOB 13.4.1R. As detailed in the Final Notice, in 2010 the FSA identified the DB Seller as having acted in breach of MCOB 13.4.1R.

6. Self Certification of Income

Between January 2006 and January 2008, the DB Seller failed to consistently ensure that, in accordance with its own lending policy, Borrowers who had requested a self-certified mortgage were offered a different mortgage product with a lower interest rate when the circumstances indicated that they might have qualified for such a product. As detailed in the Final Notice, in 2010 the FSA identified that, in failing to take reasonable care to organise and control its lending activities responsibly and effectively, the DB Seller had breached Principle 3.

7. Repayment of Interest Only Mortgages

Between January 2006 and January 2008, the DB Seller approved mortgages to Borrowers on an interest-only basis, where capital was to be repaid by sale of the property at the end of the mortgage term. Although the DB Seller noted in the mortgage offer to the Borrowers and the mortgage declaration that repayments would cover interest only and steps should be taken to put in place savings plans to repay capital, the DB Seller did not take steps to ascertain the Borrower’s residence post-sale of the property. As detailed in the Final Notice, in 2010 the FSA identified that, in failing to take reasonable care to organise and control its lending activities responsibly and effectively, the DB Seller had breached Principle 3.

8. Contacting Borrowers

MCOB 13.5.4G requires firms to have regard to a customer’s personal circumstances (including work patterns and religious faith) when considering what times are unreasonable to contact the customer. In 2010, the DB Seller identified that its computer systems did not facilitate the collation and display of information required to ensure compliance with MCOB 13.5.4G.

9. Record keeping

MCOB 2.8 sets certain standards of record keeping for firms, including that records are readily accessible. In 2010, the DB Seller identified issues with the call recording system that resulted in the tracing of recorded calls being, in most cases, laborious and, in other cases, impossible.

10. Disclosure in connection with specific loans

1.	Loan ID	Disclosure
	409133	There is a prior ranking charge in favour of the Northern Ireland Department of the Environment.