

Flexible Drawing Facilities - Paragon Mortgages (No.8) PLC ("PM8"), Paragon Mortgages (No.9) PLC ("PM9") and Paragon Mortgages (No.14) PLC ("PM14") Redraw Facility – First Flexible (No.4) plc ("FF4")

Following a review of the Flexible Drawing Facility Limits in three Paragon Mortgages transactions in conjunction with the rating agencies, reductions in the Facilities have been agreed where the coverage has become excessive. The reductions will be made in accordance with the table below:

Deal	New Facility Limit (£)	Effective Date
PM8	1,697,626	15 October 2009
PM9	1,819,397	16 November 2009
PM14	2,101,301	15 December 2009

In addition to the above, it has been agreed that the Redraw Facility for FF4 will reset each Interest Payment Date to equal 9.5 per cent. of the aggregate of the Flexible Mortgage Maximum Balance as at the preceding Interest Payment Date subject to a minimum amount of £2,000,000.

In this context the following definition will apply:

“Flexible Mortgage Maximum Balance” means the principal balance which would have been outstanding at such time in respect of the relevant Flexible Mortgage if the relevant borrower had only paid each minimum monthly payment as and when due.

The Facilities, provided by Barclays Bank Plc, provide a backstop fund for permitted cash re-draws under the Flexible Mortgages where Available Redemption Funds and funds available under the Subordinated Loan arrangements, (where applicable), are insufficient. No drawings have ever been made under any of the Facilities.

For all four deals we have received written confirmation from the Rating Agencies that such variation will not adversely affect the current rating of the Notes in accordance with the deals' documentation.

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