

MASTER DEFINITIONS SCHEDULE

- relating to -

First Flexible No. 6 plc

£270,000,000 CLASS A1 MORTGAGE BACKED FLOATING RATE NOTES DUE 2035

€200,000,000 CLASS A2 MORTGAGE BACKED FLOATING RATE NOTES DUE 2035

\$75,000,000 CLASS A3 MORTGAGE BACKED FLOATING RATE NOTES DUE 2035

£40,000,000 CLASS M1 MORTGAGE BACKED FLOATING RATE NOTES DUE 2035

€15,000,000 CLASS M2 MORTGAGE BACKED FLOATING RATE NOTES DUE 2035

Lovells

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IT IS AGREED:

1. The expressions used in the Documents shall, unless otherwise defined in a Document or unless the context otherwise requires, have the meanings as set out in this Master Definitions Schedule:

1.1 **"Accounting Reference Period"** shall have the same meaning as "accounting reference period" in Part VII of the Act;

"Account Bank" Barclays Bank PLC or any replacement bank appointed in accordance with the terms of the Bank Agreement;

"Accrued Interest" in respect of each Mortgage, the amount constituting the aggregate amount of gross interest accrued but not charged relative to such Mortgage up to the Issue Date or Repurchase Date or in respect of each Substitute Mortgage or Pre-Funded Mortgage, up to the date of purchase of such Substitute Mortgage or Pre-Funded Mortgage;

"Act" the Companies Act 1985 as amended;

"Actual Redemption Amount" in respect of any Note, the principal amount redeemable in respect of such Note on an Interest Payment Date;

"Additional Amounts" an amount equal to any withholding or deduction required to be made by the Currency Swap Counterparty or an Interest Rate Swap Counterparty, as applicable, to any payment under a Currency Swap Agreement or Interest Rate Swap Agreement, as applicable, for or on account of tax which is paid by the Currency Swap Counterparty or an Interest Rate Swap Counterparty, as applicable, to the Issuer to ensure that the Issuer receives the full amount it would otherwise have received but for such withholding or deduction;

"Additional Scottish Trust Property" shall have the meaning given to it in any relevant Supplemental Scottish Declaration of Trust;

"Adjusted Principal Deficiency" on the Interest Payment Date falling in December 2035 or any prior date on which the assets of the Issuer have been exhausted, a debit balance on the Principal Deficiency Ledger after taking account of (i) any entries required to be made thereon on such Interest Payment Date and (ii) any credit balance in the Transaction Account;

"Administrator"	Mortgage Trust Services, as administrator under the administration agreement dated 21 December 2000 as amended and restated on 14 November 2001 and on 30 September 2003 between Arianty, Mortgage Trust, Mortgage Trust Services and Citicorp Trustee Company Limited;
"Affected Mortgage"	any Mortgage which Mortgage Trust Services or Arianty is required to repurchase under clause 8 of the Mortgage Sale Agreement together with each Mortgage Loan thereby secured or intended to be secured and any Related Security;
"Agency Agreement"	the agency agreement dated the Issue Date made between the Issuer, the Trustee, the Agent Bank and the Principal Paying Agent;
"Agent Bank"	Citibank, N.A.;
"Aggregate Rate"	at any time, the aggregate for the next Collection Period of the weighted average of the Mortgage Rates calculated as a monthly rate;
"Agreed Form"	in relation to any document, the draft or any approved copy of any document or any bundle of documents which has been agreed between the parties and initialled for the purposes of identification prior to the Issue Date by Lovells and Weil, Gotshal & Manges;
"Annualised Repayment Rate"	Principal Collections minus Redraws to be purchased on the immediately following Interest Payment Date divided by the principal amount of Mortgages outstanding on the previous Determination Date multiplied by 12 expressed as a percentage;
"Arianty"	Arianty No. 1 plc (registered number 3946857);
"Arianty Deferred Purchase Consideration"	on each Interest Payment Date the proportion of the Deferred Purchase Consideration payable to Arianty in respect of Mortgages sold by Arianty to the Issuer under the Mortgage Sale Agreement;

"Arrears Event"	the occurrence of an event where more than 3% of the then aggregate principal balance of the Mortgages comprised in the Mortgage Pool on the immediately preceding Determination Date comprises Mortgages in respect of which there are arrears equal to or greater than an amount equal to the then current scheduled monthly payment due under the relevant Mortgages multiplied by two;
"Arrears Procedures"	the arrears procedures from time to time of the Servicer;
"Available Facility"	in relation to the Redraw Facility, on each Interest Payment Date an amount calculated as the difference between the Redraw Facility Limit and the aggregate amount of advances outstanding under the Redraw Facility which will not be repaid on such Interest Payment Date or, following a downgrade in the Required Redraw Facility Provider Rating, the amount standing to the credit of the Redraw Ledger;
"Available Non-reserve Amounts"	amounts standing to the credit of the Transaction Account (save for any cash representing collateral posted by the Currency Swap Counterparty or any Interest Rate Swap Counterparty to the extent that such cash has not been released to the Issuer pursuant to the terms of the relevant Currency Swap Agreement or Interest Rate Swap Agreement and any interest accrued on such amounts) or invested in the Issuer's Investments plus (i) the amount expected to be received under the Mortgages in respect of monthly payments from Borrowers on or by the next following Interest Payment Date; (ii) amounts expected to be received or due from the Interest Rate Swap Counterparties under any Interest Rate Swap Agreement on or by the next following Interest Payment Date; and (iii) any income expected to be received from the Issuer's Investments on or by the next following Interest Payment Date and less amounts standing to the credit of the Reserve Fund, the Base Rate Ledger, the Discount Ledger and the Liquidity Ledger;
"Available Redraw Funds"	on any Interest Payment Date, an amount equal to the lower of (a) the Available Facility and (b) the Principal Amount Outstanding of the Class A Notes;

"BACS"	Bankers Automated Clearing System;
"Bank"	the bank, branch and address at which the MTS Trust Accounts and the Transaction Account are maintained for the time being;
"Bank Accounts"	the Trust Accounts, the GIC Account and the Transaction Account;
"Bank Agreement"	the agreement dated the Issue Date between Mortgage Trust, Mortgage Trust Services, the Issuer, the Trustee, RBS and the Account Bank;
"Bank of England Base Rate"	the Bank of England's repo rate as set from time to time by the Monetary Policy Committee of the Bank of England or such rate that replaces it;
"Barclays"	Barclays Bank PLC (registered number 1026167);
"Base Rate Ledger"	the ledger established and used to record the amount standing to the credit of the Base Rate Reserve;
"Base Rate Linked Mortgages"	Mortgages which are subject to a variable rate of interest set by Mortgage Trust Services from time to time, which is linked to the Bank of England Base Rate;
"Base Rate Reserve"	at any time, the amount recorded on the Base Rate Ledger and represented by monies standing to the credit of the Transaction Account and/or invested in the Issuer's Investments;
"Base Rate Reserve Required Amount"	on the Issue Date and each Interest Payment Date thereafter an amount equal to 0.15 per cent of the aggregate outstanding principal balances (including drawn and undrawn balances) of the Base Rate Linked Mortgages;
"beneficiaries"	the Secured Creditors;

"Block Mortgage Indemnity Guarantee Policies"	the mortgage indemnity guarantee master policies specified in Schedule VI of the Mortgage Sale Agreement and any other mortgage indemnity master policies issued now or at any time hereafter by any Insurance Company in relation to any of the Mortgages
"Borrower"	in relation to each Mortgage, the same person or persons as named and defined as such in the Mortgage Deed relating thereto and any person undertaking the obligations of the Borrower (other than as surety or guarantor);
"Borrower Loan Limit"	the principal amount of a Borrower's loan which would have been outstanding at any time if the Borrower had only made the Minimum Monthly Payment agreed with Mortgage Trust or Mortgage Trust Services and had not made any Overpayments;
"Borrower Mortgage Account"	each mortgage account held, from time to time, by a Borrower with Mortgage Trust Services and acquired by the Issuer;
"Buildings Contingency Policy"	the insurance contract relating to certain contingencies specified in Schedule V to the Mortgage Sale Agreement;
"Buildings Policies"	any buildings insurance policies in relation to a Property which have been taken out either (i) in the joint names of the Borrower and Mortgage Trust or (ii) in the name of the Borrower with the interest of Mortgage Trust (as mortgagee or heritable creditor) endorsed or otherwise noted thereon or (iii) in the case of leasehold property in the name of the landlord with the interest of Mortgage Trust (as mortgagee or heritable creditor) having been notified to the landlord;
"Business Day"	a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets settle payments and are open for business generally in the City of London and New York and a TARGET Business Day;
"Capped Rate Mortgages"	Mortgages which are subject to a variable rate of interest set by Mortgage Trust Services from time to time but which variable rate is subject to a maximum rate;

"Cap Provider"	any person who from time to time enters into an Interest Rate Cap with the Issuer;
"Charged Property"	the property, assets, rights and undertakings for the time being comprised in or subject to the security contained in or granted pursuant to the Deed of Charge and any part of it;
"Class A2 Currency Swap Agreement"	the currency swap agreement between the Issuer and the Currency Swap Counterparty dated the Issue Date relating to the Class A2 Notes;
"Class A3 Currency Swap Agreement"	the currency swap agreement between the Issuer and the Currency Swap Counterparty dated the Issue Date relating to the Class A3 Notes;
"Class A Note Subscription Agreement"	the subscription agreement dated 27 January 2004 between, <i>inter alia</i> , the Issuer and the Managers in relation to the Class A Notes;
"Class A Notes"	the Class A1 Notes, the Class A2 Notes and the Class A3 Notes;
"Class A1 Notes"	the £270,000,000 Class A1 Mortgage Backed Floating Rate Notes due 2035 of the Issuer;
"Class A2 Notes"	the €200,000,000 Class A2 Mortgage Backed Floating Rate Notes due 2035 of the Issuer;
"Class A3 Notes"	the \$75,000,000 Class A3 Mortgage Backed Floating Rate Notes due 2035 of the Issuer;
"Class A Conditions"	the terms and conditions of the Class A Notes;
"Class A Redemption Amount"	on each Interest Payment Date falling (i) during a Class M Principal Lock Out, an amount equal to the Redemption Amount, (ii) during a period when no Class M Principal Lock Out has occurred (if there are any Class A Notes outstanding), an amount equal to the Redemption Amount multiplied by a fraction the numerator of which is the Principal Amount Outstanding of the Class A Notes and the denominator of which is the sum of the Principal Amount Outstanding of each of the Class A Notes and the Class M Notes and (iii) in December 2035 or any prior date on which the assets of the Issuer have been exhausted where there is an Adjusted Principal Deficiency, then provided that there are Class A Notes outstanding and the

Adjusted Principal Deficiency exceeds the aggregate of the Principal Amount Outstanding of the Class M Notes, the principal amount payable on redemption of each Class A Note shall be its Principal Amount Outstanding on that date, less the amount applicable to that Class A Note by which the Adjusted Principal Deficiency exceeds the then Principal Amount Outstanding of the Class M Notes;

- "Class M2 Currency Swap Agreement"** the currency swap agreement between the Issuer and the Currency Swap Counterparty dated the Issue Date;
- "Class M Conditions"** the terms and conditions of the Class M Notes;
- "Class M Note Subscription Agreement"** the subscription agreement dated 27 January 2004 between, *inter alios*, the Issuer and the Managers in relation to the Class M Notes;
- "Class M Notes"** the Class M1 Notes and the Class M2 Notes;
- "Class M1 Notes"** the £40,000,000 Class M1 Mortgage Backed Floating Rate Notes due 2035 of the Issuer;
- "Class M2 Notes"** the €15,000,000 Class M2 Mortgage Backed Floating Rate Notes due 2035 of the Issuer;
- "Class M Principal Lock Out"** shall occur on any Interest Payment Date provided that there are Class A Notes outstanding (i) during the Class M Principal Lock Out Period, (ii) where on such Interest Payment Date the sum of the Reserve Fund and the aggregate Principal Amount Outstanding of the Class M Notes as a percentage of the sum of the aggregate Principal Amount Outstanding of the Class A Notes and the Class M Notes is not at least twice that same percentage as at the Issue Date, (iii) where a Principal Deficiency exists on such Interest Payment Date, (iv) where the aggregate principal balance of Mortgages in respect of which there are arrears of an amount greater than £100 is greater than 2.5% of the then aggregate principal balance of the Mortgages comprised in the Mortgage Pool, in each case as at the immediately preceding Determination Date, or (v) where the sum of the Principal Amount Outstanding of the Class M Notes on such Interest Payment Date is less than two times the principal balance of the largest Mortgage or

	<p>group of Mortgages in the name of a single Borrower as at the immediately preceding Determination Date;</p>
"Class M Principal Lock Out Period"	<p>the period up to (and including) the Interest Payment Date falling five years after the Issue Date;</p>
"Class M Redemption Amount"	<p>on each Interest Payment Date falling (a) during a Class M Principal Lock Out, zero (except if the Redemption Amount is greater than the aggregate principal amount of the Class A Notes then outstanding in which case the excess will be allocated to the Class M Redemption Amount (after the payment of any shortfall in item (xiii) of the Priority of Payments) up to the aggregate principal amount of the Class M Notes then outstanding), (b) during a period when no Class M Principal Lock Out has occurred and (i) there are Class A Notes outstanding, an amount equal to the Redemption Amount multiplied by a fraction the numerator of which is the Principal Amount Outstanding of the Class M Notes and the denominator of which is the sum of the Principal Amount Outstanding of each of the Class A Notes and the Class M Notes, and (ii) there are no Class A Notes outstanding, the Redemption Amount and (c) in December 2035 or any prior date on which the assets of the Issuer have been exhausted where there is an Adjusted Principal Deficiency, then the principal amount payable on redemption of each Class M Note shall be its Principal Amount Outstanding on that date, less the Adjusted Principal Deficiency applicable to that Class M Note on that date on payment of which the obligations of the Issuer under the relevant Class M Note shall be discharged in full;</p>
"Closing Discs"	<p>the discs to be provided by Arianty to the Issuer on the Issue Date, signed for identification by Arianty and the Issuer, containing in respect of each Mortgage the details set out in Schedule VII to the Mortgage Sale Agreement;</p>
"Collared Rate Mortgages"	<p>Mortgages which are subject to a variable rate of interest set by Mortgage Trust from time to time but which variable rate is subject to both a maximum rate and a minimum rate;</p>

"Collection Period"	means each period beginning on (and including) a Determination Date (save for the first Collection Period which shall begin on (and include) the Issue Date) and ending on (and including) the day immediately preceding the next following Determination Date;
"Commitment Fee"	in respect of a Flexible Mortgage, an annual commitment fee payable by the Borrower equal to a specified percentage (such percentage to be predetermined by Mortgage Trust Services and to be no less than 1 per cent) of the amount by which the aggregate principal amount of Overpayments less any Redraws made by such Borrower up to such date is greater than a specified percentage (such percentage to be predetermined by Mortgage Trust and no more than 20 per cent) of the Borrower Loan Limit;
"Completion"	the completion of the sale and purchase of the Mortgages on the Issue Date pursuant to and in accordance with the Mortgage Sale Agreement;
"Conditions"	the Class A Conditions and the Class M Conditions and reference in the Documents to a particular numbered Condition shall be construed as a reference to the corresponding Class A Condition and Class M Condition accordingly;
"Connected"	shall have the meaning given to it in section 346 of the Act;
"Conversion"	any change to the terms of, or the security for, a Mortgage requested by the Borrower from time to time;
"Converted Mortgage"	has the meaning set out in clause 23.1 of the Servicing Agreement;
"Coupon Step-Up Date"	the Interest Payment Date falling in March 2009;
"Currency Swap Agreements"	the Class A2 Currency Swap Agreement, the Class A3 Currency Swap Agreement and the Class M2 Currency Swap Agreement;
"Currency Swap Counterparty"	JPMorgan Chase Bank;
"Currency Swap Counterparty Default Payment"	in relation to a Currency Swap Agreement, amounts payable to the Currency Swap

Counterparty in connection with a termination of that Currency Swap Agreement where such termination has arisen as a result of an Event of Default where the Currency Swap Counterparty is the Defaulting Party or as a result of a Termination Event where the Currency Swap Counterparty is the Affected Party (and in this definition, Event of Default, Defaulting Party, Termination Event and Affected Party have the meanings indicated in that Currency Swap Agreement);

"Currency Swap Trigger Ratings"

the relevant rating(s) specified (in accordance with the requirements of S&P and Moody's) in the relevant Currency Swap Agreement;

"Declarations of Trust"

the MTS Declaration of Trust and the MTL Declaration of Trust;

"Deed of Amendment and Restatement relating to Cross-Default and Cross-Collateralisation Rights"

the deed of amendment and restatement dated the Issue Date in respect of a deed of cross-default and cross-collateralisation entered into between, *inter alios*, the Issuer and the Trustee;

"Deed of Charge"

the deed of sub-charge and assignment dated the Issue Date executed by, *inter alios*, the Issuer and the Trustee in favour of the Trustee by way of security for the Notes and includes, where the context so permits, any Supplemental Deed of Charge granted pursuant thereto;

"Deed of Postponement"

any deed, agreement or letter of consent and postponement given or to be given in connection with a Mortgage whereby the holder of a Security Interest in relation to the relevant Property agrees to postpone such Security Interest so as to rank after all Security Interests in relation thereto of Mortgage Trust;

"Deed of Release"

the deed or deeds pursuant to which Citicorp Trustee Company Limited releases Mortgage Loans and their Mortgages and Related Security from the security created by or pursuant to the Origination Deed of Charge;

"Deferred Purchase Consideration"

on each Interest Payment Date an amount equal to all income less all expenses and any Retained Profit of the Issuer relating to the immediately preceding Interest Period;

"Determination Date"	the day which is eight Business Days preceding an Interest Payment Date;
"Discount"	the discount below the Reference Rate applicable to a Discounted Mortgage at the relevant time;
"Discounted Mortgage"	Mortgages which are at the relevant time subject to a discounted rate of interest for a specified period;
"Discount Reserve"	at any time, the amount recorded on the Discount Reserve Ledger and represented by monies standing to the credit of the Transaction Account and/or invested in the Issuer's Investments;
"Discount Reserve Ledger"	the ledger established and used to record the amount standing to the credit of the Discount Reserve;
"Direct Debiting Scheme"	the direct debiting scheme operated by members of the Association for Payment Clearing Services as amended from time to time or any scheme replacing the same;
"Documents"	the Transaction Documents, the Deed of Charge and the Trust Deed;
"Dollar" or "\$"	the lawful currency of the United States of America;
"Effective Interest Margin"	<p>in relation to Discounted Mortgages in the Mortgage Pool an amount determined as follows:</p> <ul style="list-style-type: none">(a) for each Standard Variable Rate Mortgage, the Threshold Margin less the Discount;(b) for each Base Rate Linked Mortgage, the margin of that Mortgage over the Bank of England Base Rate less 0.15 per cent less the Discount;(c) for each LIBOR Linked Mortgage, the margin of that Mortgage over LIBOR less the Discount;(d) for each Fixed Rate Mortgage which has been swapped to the Threshold Rate, the Threshold Margin less the Discount;

"Employee Borrower"	a Borrower who is an employee of Mortgage Trust Services;
"Encumbrance"	includes any mortgage, standard security, pledge, lien, hypothecation, charge, assignment, assignation or deposit by way of security or any other agreement or arrangement (whether conditional or not and whether relating to existing or to future assets), having the effect of providing a security or preferential treatment to a creditor (including set off, title retention, defeasance or reciprocal fee arrangements) or any agreement or arrangement to give any form of security or preferential treatment to a creditor;
"Endowment Mortgage"	a Mortgage in relation to which the principal amount is not repayable before maturity and which requires a policy of endowment life assurance (which is in certain cases a unit-linked policy);
"Enforcement Notice"	a notice served by the Trustee on the Issuer pursuant to the Conditions following an Event of Default under the Notes;
"EURIBOR"	the Eurozone Interbank Offered Rate;
"Euro" or "€"	the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended by the Treaty on European Union and the Treaty of Amsterdam;
"Event of Default"	any of the events specified as such in the Conditions;
"Excess Amount"	in relation to a Flexible Mortgage where a Borrower has prepaid his Mortgage Loan in excess of his Repayment Plan, on any date the excess of (a) the aggregate principal amount of Prepayments made by such Borrower less any Redraws made by such Borrower up to such date over (b) the predetermined percentage of the Borrower Loan Limit set by the Servicer, on behalf of Mortgage Trust;
"Excluded Items"	(a) certain monies which properly belong to third parties (such as monies owing to any party in respect of reimbursement for direct debit recalls);

- (b) on the Interest Payment Date following the Issue Date, amounts payable to Arianty under the Mortgage Sale Agreement in respect of reconciliations of the amounts paid in respect of the purchase of the Mortgages on the Issue Date; and
- (c) where the Issuer is unable to purchase the right to repayment of Redraws and/or Further Advances made with respect to one or more Mortgages on any Interest Payment Date (such Redraws and/or Further Advances continuing to be funded by Mortgage Trust on the basis that the Issuer holds each relevant Mortgage on trust for itself and Mortgage Trust each party's interest being proportionate to the funding provided by it, or (in relation to Scottish Mortgages) such Redraws and/or Further Advances being released to Mortgage Trust from the Scottish Trust), the aggregate of Mortgage Trust's *pro rata* share of amounts received in respect of each such Mortgage during the immediately preceding Collection Period;

"Expected Differential"

an amount calculated in respect of each Discounted Mortgage and each Interest Period as the difference between the Threshold Margin and the Effective Interest Margin on such Discounted Mortgage, to the extent such difference is positive, multiplied by the outstanding principal balance in respect of such Discounted Mortgage as of such Interest Payment Date multiplied by the fraction of the actual number of days elapsed in the succeeding Interest Period in respect of a 365 day year (or a 366 day year if the last day of the relevant period falls in a leap year);

"First Origination Mortgage Sale Agreement"

the mortgage sale agreement dated 21 December 2000 as amended and restated on 14 November 2001 between Mortgage Trust, First Active plc, Arianty and Citicorp Trustee Company Limited;

"Fixed Rate Mortgages"

Mortgages which are subject to a fixed rate of interest set by reference to a pre-determined

rate or series of rates for a fixed period or periods;

"Flexible Mortgages"

Mortgages which allow for a Borrower to make payments at any time into his/her Borrower Mortgage Account exceeding the Minimum Monthly Payment and at any time thereafter withdraw sums up to the Borrower Loan Limit;

"Further Advance"

additional funds advanced to a Borrower (i) by Mortgage Trust on the security of his/her Mortgage or (ii) by Mortgage Trust Services or any other member of the Paragon Group on the security of a second or subsequent legal mortgage or standard security or fixed charge or mortgage over which no mortgage or standard security or fixed charge or mortgage, which is not a Mortgage, has priority, in each case subject to the satisfaction of certain conditions;

"GIC Account"

an account in the name of the Issuer at the Account Bank to which amounts invested in accordance with the Guaranteed Investment Contract will be transferred from time to time;

"GIC Provider"

Barclays Bank PLC;

"Guaranteed Investment Contract"

a guaranteed investment contract to be entered into on or before the Issue Date between the Issuer, the Servicer, the GIC Provider and the Trustee;

"Hedge Collateral"

means any asset (including, without limitation, cash and/or securities) paid or transferred to the Issuer by an Interest Rate Swap Counterparty or the Currency Swap Counterparty in accordance with the terms of the relevant Interest Rate Swap Agreement or Currency Swap Agreement as collateral to secure the performance of that Interest Rate Swap Counterparty's or Currency Swap Counterparty's obligations under the relevant Interest Rate Swap Agreement or Currency Swap Agreement together with any income or distributions received in respect of such asset and any equivalent of or replacement of such asset into which such asset is transformed;

"Hedge Collateral Investments"

investments in which Hedge Collateral may be held or invested pursuant to the relevant Interest Rate Swap Agreement or Currency Swap Agreement;

"Hedge Collateral Ledger"	the ledger in the Issuer's accounting books used to record the amount of Hedge Collateral held by the Issuer and standing to the credit of the Transaction Account or invested in the Issuer's Investments from time to time;
"Initial Mortgage Pool"	the Mortgages, beneficial interest in which are owned by Arianty contained in the Provisional Mortgage Pool and sold to the Issuer on the Issue Date particulars of which are contained in the Closing Discs;
"Initial Mortgages"	all the Mortgages (including, if applicable, the relevant Mortgage Loans and Related Security) to be purchased on the Issue Date by the Issuer from Arianty, details of which are contained in the Closing Discs;
"Insurance Companies"	any of the insurance companies which have issued, or may issue in the future, any of the Insurance Contracts;
"Insurance Contracts"	all or any of the Buildings Policies, the Buildings Contingency Policy, the Term Policies, the Pension Scheme Policies and the Mortgage Indemnity Guarantee Policies and any other or additional buildings policies, which may be taken out at any time in the future in relation to the Mortgages (whether pursuant to the Mortgage Deeds or otherwise) and in which Mortgage Trust has or will have an interest;
"Insurance Proceeds"	the proceeds of any claim under any of the Insurance Contracts;
"Interest Amount"	the interest payable by the Issuer on each Interest Payment Date in relation to each class of Notes as determined under the Conditions;
"Interest Only Mortgages"	Mortgages, other than Pension Mortgages and Endowment Mortgages, under the terms of which the principal amount is not repayable before maturity;
"Interest Payment Date"	quarterly in arrear on the first day of March, June, September and December in each year or, if any such day is not a Business Day, the immediately succeeding Business Day;

"Interest Period"	the period from (and including) an Interest Payment Date or the Issue Date in respect of the first Interest Period to (but excluding) the next following (or first) Interest Payment Date;
"Interest Rate Caps"	interest rate caps purchased by the Issuer from any Cap Provider in relation to Converted Mortgages that are Capped Rate Mortgages. Interest Rate Caps will be purchased to hedge against the Threshold Rate exceeding the capped rate under the relevant Capped Rate Mortgages;
"Interest Rate Swap Agreements"	interest rate swap agreements entered into by the Issuer with any Interest Rate Swap Counterparty to hedge the variance between the fixed rate of interest payable on Fixed Rate Mortgages and the Threshold Rate;
"Interest Rate Swap Counterparty"	each of Barclays and/or JPMorgan Chase Bank or such other person who from time to time enters into an Interest Rate Swap Agreement with the Issuer;
"Interest Rate Swap Counterparty Default Payment"	in relation to an Interest Rate Swap Agreement, amounts, if any, payable to the Interest Rate Swap Counterparty in connection with a termination of that Interest Rate Swap Agreement where such termination has arisen as a result of an Event of Default where the Interest Rate Swap Counterparty is the Defaulting Party or as a result of a Termination Event where the Interest Rate Swap Counterparty is the Affected Party (and in this definition, Event of Default, Defaulting Party, Termination Event and Affected Party have the meanings indicated in that Interest Rate Swap Agreement);
"Interest Rate Swap Trigger Ratings"	the relevant rating(s) specified (in accordance with the requirements of S&P and Moody's) in the relevant Interest Rate Swap Agreement;
"Investment Home Loans"	loans made to a Borrower to be used to remortgage or acquire properties to let to tenants or hold as an investment;
"Investment Home Loans Mortgages"	Mortgages in respect of Investment Home Loans;
"Issue Date"	29 January 2004;

"Issuer"	First Flexible No. 6 plc (registered number 4579581);
"Issuer Call Date"	the Interest Payment Date falling in March 2008;
"Issuer's Investments"	the Permitted Investments and the Guaranteed Investment Contract;
"Issuer's Share"	in relation to the amounts standing to the credit of the Trust Accounts, the proportion thereof which shall from time to time be held upon trust for the Issuer absolutely upon the terms of the Declarations of Trust;
"Lender Standard Documentation"	the relevant documents used by Mortgage Trust or Mortgage Trust Services in relation to each Mortgage under which Mortgage Trust made the initial advance in connection with its activities as lender;
"Lending Policy"	the lending policy set out in summary form in Schedule IX of the Mortgage Sale Agreement;
"LIBOR"	London Interbank Offered Rate;
"LIBOR Linked Mortgages"	Mortgages which are subject to a variable rate of interest set by Mortgage Trust Services from time to time which is linked to LIBOR;
"Life Charges"	any charge, assignment, assignation or deposit in favour of Mortgage Trust by the Borrowers of the Life Policies and/or the Term Policies and undertakings relating to Pension Scheme Policies;
"Life Policy"	any policy of life insurance, including unit linked assurance policies, which Borrowers take out under Endowment Mortgages;
"Liquidity Reserve"	the amount recorded in the Liquidity Reserve Ledger and represented by monies standing to the credit of the Transaction Account and/or invested in the Issuer's Investments;
"Liquidity Reserve Ledger"	the ledger established and used to record amounts standing to the credit of the Liquidity Reserve;
"Liquidity Reserve Required Amount"	on any Interest Payment Date following a Liquidity Trigger Event, the amount (if any)

which is 3 per cent of the aggregate Principal Amount Outstanding of the Notes minus the amount held as a credit balance in the Reserve Fund at such time;

"Liquidity Trigger Event"

the occurrence of an event where more than 15 per cent of the aggregate principal balance of the Mortgages comprised in the Mortgage Pool on the immediately preceding Determination Date comprise Mortgages in respect of which there are arrears equal to or greater than an amount equal to the then current scheduled monthly payment due under the relevant Mortgage multiplied by three;

"Loan Expected Differential"

the aggregate of all Expected Differentials applying to Interest Periods that fall during the discount period for a Mortgage;

"London Stock Exchange"

London Stock Exchange plc;

"Mandates"

the bank mandates for the Trust Accounts, the GIC Account, the VAT Account and the Transaction Account in the Agreed Form as amended from time to time;

"Material Adverse Change"

an event or circumstance which (when taken alone or together with any previous event or circumstance) constitute(s) an adverse change in the assets, financial or trading position of the Issuer such that the Issuer might reasonably be expected to be unable to fully and punctually perform all its obligations under the Transaction Documents;

"Material Adverse Effect"

an event or circumstance which (when taken alone or together with any previous event or circumstance) has, or could reasonably be expected to have, a materially adverse effect on the assets, business or financial condition or trading prospects of the Issuer as a whole;

"Maximum Redraw Amount"

on each Interest Payment Date, an aggregate amount equal to the sum of (a) the amount of Principal Collections available for the purpose of purchasing Mortgage Trust's rights with respect to any Redraws made by Borrowers during the immediately preceding Collection Period in accordance with the Priority of Payments and (b) the Available Redraw Funds;

"MHA Documentation"	any affidavit, consent or renunciation granted in terms of the Matrimonial Homes (Family Protection) (Scotland) Act 1981 in connection with a Scottish Mortgage or its relative Property;
"Minimum Monthly Payment"	for a Repayment Mortgage, the monthly payment of capital and interest required at any time to achieve repayment by the end of the Mortgage Term assuming that the same payment is made each month. For an Endowment Mortgage, Pension Mortgage or Interest Only Mortgage, it is an amount equal to interest on the Outstanding Principal Amount. For a mixed Repayment Mortgage and an Endowment Mortgage, Pension Mortgage or Interest Only Mortgage, it is a combination of the two;
"M Note Trigger Event"	the determination by the Servicer as at any Interest Payment Date on which Class A Notes are outstanding that, on the assumption that an M Note Trigger Event does not occur, the application of funds in accordance with the Priority of Payments will give rise to a Principal Deficiency which exceeds the aggregate Principal Amount Outstanding of the Class M Notes on such Interest Payment Date;
"Month"	a period starting on one day in a calendar month and ending on the day before the numerically corresponding day in the next calendar month or, if that corresponding day is not a Business Day, ending on the preceding Business Day, except that if there is no corresponding day in the month in which the period ends, that period shall end on the last Business Day in that month;
"Monthly Payment"	the amount of interest, principal (in the case of a Repayment Mortgage) or a combination of both (in relation to a mixed Repayment Mortgage and an Endowment Mortgage, Pension Mortgage or Interest Only Mortgage) and insurance premium payable (if applicable) by a Borrower on a Mortgage Payment Day;
"Moody's"	Moody's Investors Service Limited;
"Mortgage"	an Initial Mortgage, a Substitute Mortgage, or a Pre-Funded Mortgage, from time to time comprising the Mortgage Pool;

"Mortgage Conditions"	the conditions applicable to the Mortgages, as amended by Mortgage Trust Services from time to time;
"Mortgage Deed"	in relation to each Mortgage, the deed creating the mortgage, charge or standard security over the relevant Property including the terms and conditions governing that Mortgage and the Mortgage Loan(s) secured by it;
"Mortgage Indemnity Guarantee Policies"	the individual mortgage indemnity guarantee policies providing an indemnity for all amounts advanced under a Mortgage exceeding the percentage of the value or purchase price of the relevant Property prescribed by the Lending Policy in respect of such Mortgage with various insurance companies;
"Mortgage Loan"	in respect of a Mortgage, means the aggregate of all advances (including Redraws and Further Advances) less Prepayments or Redemptions made by Mortgage Trust to a Borrower and from time to time outstanding (including all capital sums) which are secured by such Mortgage;
"Mortgage Loan Files"	means the file or files relating to each Mortgage containing originals of: (a) all material correspondence relating to the application for that Mortgage; and (b) the completed Lender's Standard Documentation (other than the Title Deeds) including the surveyor's report and the Solicitor's, Licensed Conveyancer's or Qualified Conveyancer's certificate of title, or any other application and mortgage documentation;
"Mortgage Payment Day"	in relation to each Mortgage, the date on which the Borrower is obliged to pay a Monthly Payment being the last Business Day of each calendar month;
"Mortgage Pool"	the Initial Mortgage Pool and any Substitute Mortgages, Pre-Funded Mortgages, Further Advances and Redraws, each acquired by

	the Issuer under the Mortgage Sale Agreement;
"Mortgage Rate"	with respect to any Mortgage, the rate of interest from time to time applicable to such Mortgage payable by the relevant Borrower in accordance with his Mortgage Conditions;
"Mortgage Sale Agreement"	the deed of mortgage sale dated the Issue Date between Mortgage Trust, Mortgage Trust Services, the Issuer, the Trustee and Arianty in relation to the sale and purchase of the Mortgages;
"Mortgage Term"	with respect to any Mortgage, the period from and including the date of the original advance under such Mortgage to and including the date on which all interest and other monies connected with such Mortgage are to be repaid;
"Mortgage Trust"	Mortgage Trust Limited (registered number 2048895);
"Mortgage Trust Deferred Purchase Consideration"	on each Interest Payment Date the proportion of the Deferred Purchase Consideration payable to Mortgage Trust in respect of Further Advances sold by Mortgage Trust to the Issuer under the Mortgage Sale Agreement;
"Mortgage Trust Mortgage Sale Agreement"	the mortgage sale agreement dated 30 September 2003 between Mortgage Trust and Mortgage Trust Services;
"Mortgage Trust Services"	Mortgage Trust Services plc (registered number 3940202);
"MTL Declaration of Trust"	a declaration of trust dated the Issue Date pursuant to which Mortgage Trust has declared a trust over the amounts which relate to the Mortgages and which are from time to time standing to the credit of the RBS Trust Accounts;
"MTS Declaration of Trust"	a declaration of trust dated the Issue Date pursuant to which Mortgage Trust Services has declared a trust over the amounts which relate to the Mortgages and which are from time to time standing to the credit of the MTS Trust Accounts;
"MTS Trust Accounts"	any accounts in the name of Mortgage Trust Services at the Account Bank to which

	payments are made in respect of amounts due and amounts received under the Mortgages;
"New Redraw Facility Limit"	a revised Redraw Facility Limit agreed by the Issuer, the Servicer (as agent of the Issuer), the Redraw Facility Provider and the Rating Agencies;
"Northern Irish Mortgages"	Mortgages secured on properties in Northern Ireland;
"Noteholders"	the several persons who are for the time being holders of the Notes;
"Notes"	the Class A Notes and the Class M Notes;
"Note EURIBOR"	the EURIBOR rate used to calculate interest on the Class A2 Notes and the Class M2 Notes pursuant to Condition 4(c) of the Class A2 Notes and Class M2 Notes;
"Note Sterling LIBOR"	the LIBOR rate used to calculate interest on the Class A1 Notes and the Class M1 Notes pursuant to Condition 4(c) of the Class A1 Notes and Class M1 Notes;
"Note USD-LIBOR"	the USD-LIBOR rate used to calculate interest on the Class A3 Notes pursuant to Condition 4(c) of the Class A3 Notes;
"Offer Conditions"	the conditions applied to an offer of a Mortgage, as amended by Mortgage Trust Services from time to time;
"Official List"	the Official List of the UK Listing Authority;
"Origination Administration Agreement"	the administration agreement dated 21 December 2000 as amended and restated on 14 November 2001 and on 30 September 2003 between Mortgage Trust, Mortgage Trust Services, Arianty and Citicorp Trustee Company Limited;
"Origination Deed of Charge"	the deed of charge and assignment dated 14 November 2001 and entered into between Arianty, Mortgage Trust and Citicorp Trustee Company Limited;
"Outstanding Principal Amount"	at any time means, in respect of each Initial Mortgage, Substitute Mortgage or Pre-Funded Mortgage, the aggregate (excluding Accrued Interest) of:

- (a) the amount secured or intended to be secured under the Mortgage comprising the original principal amount advanced to the Borrower; and
- (b) any advance of further moneys to the Borrower (including Redraws) and any other amounts due under the terms of the Mortgage Deed on the security of the Mortgage after the date of completion of such Mortgage that remains outstanding; less
- (c) any Redemptions or Prepayments;

"Overpayment"

the amount by which a payment made by a Borrower into his/her Borrower Mortgage Account exceeds the Minimum Monthly Payment;

"Owner Occupied Loans"

loans made to a Borrower to acquire property to be used as their primary place of residence;

"Paragon"

The Paragon Group of Companies plc (registered number 2336032) whose registered office is at St Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE;

"Paragon Group"

Paragon and all of its subsidiaries;

"Paragon VAT Group"

the group of companies (including the Issuer and PFPLC) in respect of which there arises under current value added tax legislation in force as at the Issue Date, a joint and several liability in respect of VAT due to HM Customs & Excise;

"PFPLC"

Paragon Finance PLC (registered number 1917566) whose registered office is at St Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE;

"Paying Agents"

the Principal Paying Agent together with any further or other paying agents for the time being appointed in respect of the Notes;

"Payment Holiday"

a Borrower's monthly payments being met by applying Overpayments not previously redrawn by way of capitalisation of such Overpayments in an amount equal to the Minimum Monthly Payments such Borrower

would have had to have made had the Borrower not taken a Payment Holiday;

"Pension Mortgage"

a Mortgage in respect of which the principal amount is not payable before maturity and under the terms of which a pension policy is required;

"Pension Scheme Policies"

the pension policies, including unit-linked pension scheme policies, which provide for benefits on retirement and/or death and from which it is intended that the sums secured by the Pension Mortgages be repaid;

"Permitted Investments"

investments in which the Servicer is entitled to invest cash from time to time standing to the credit of the Transaction Account (such as gilt-edged securities, certificates of deposit, commercial paper and other short term securities or deposits or money market instruments/funds) with or issued by an entity with a short term unsecured, unguaranteed and unsubordinated rating of at least P-1 from Moody's and A-1+ from S&P or guaranteed by an entity with a short term unsecured, unguaranteed and unsubordinated rating of at least P-1 from Moody's and A-1+ from S&P (or with any other entity if the applicable Rating Agency confirms in writing that such investment would not cause it to downgrade the then current rating of the Notes) or in the case of money market instruments/funds are rated at least Aaa by Moody's and AAA by S&P, which (i) have a yield higher than that which could otherwise be obtained under the Guaranteed Investment Contract; (ii) mature or can be repaid without penalty on or prior to the Interest Payment Date on which the cash represented by such Permitted Investment is required by the Issuer; and (iii) are in the same currency as that of the cash used to make such investments provided that such investments do not include equity securities;

"Pool Expected Differential"

in relation to an Interest Period, the aggregate of the Expected Differentials in relation to such Interest Period of all Discounted Mortgages in the Mortgage Pool;

"Possessory Title Loan"

a Mortgage Loan secured on a Property in relation to which the title of the Borrower to the whole or part of that Property is not guaranteed by HM Land Registry prior to the

date that the title was registered at HM Land Registry;

"Potential Event of Default"

any event or the existence of any circumstances which, with the giving of notice, the lapse of time, any determination of materiality, the satisfaction of any applicable condition, or any combination of them would in the opinion of the Trustee be reasonably expected to constitute or bring about an Event of Default;

"Potential Redemption Amount"

an amount determined on each Determination Date as follows:

- (a) the aggregate amount of Redemptions, Prepayments, enforcement proceeds, recoveries and insurance proceeds (to the extent they relate to principal), received during the immediately preceding Collection Period in respect of the Mortgages; plus
- (b) principal losses realised upon completion of the enforcement and recovery process in relation to the Mortgages during the immediately preceding Collection Period; plus
- (c) an amount equal to the Principal Deficiency recorded on the previous Determination Date, less
- (d) the aggregate principal amount of Redraws the right to repayment of which are to be purchased by the Issuer using Principal Collections on the immediately succeeding Interest Payment Date,

provided that the Potential Redemption Amount shall never be less than zero;

"Potential Redraw Amount"

in respect of each Mortgage at any time, the amount which is capable of being redrawn by the Borrower under such Mortgage at such time;

"Power of Attorney"

the power of attorney set out in Schedule II of the Mortgage Sale Agreement;

"Pre-Funded Ledger"

the ledger established and used to record the amount available to the Issuer to purchase Pre-Funded Mortgages and represented by

monies standing to the credit of the Transaction Account;

"Pre-Funded Mortgages"

Mortgages (including, if applicable, the relevant Mortgage Loans and Related Security) complying with the eligibility criteria applicable to the Initial Mortgages (as amended or varied with the prior written confirmation of the Rating Agencies that such variation or amendment will not cause a downgrade of the then current rating of the Notes) and the conditions set out in clause 21 of the Servicing Agreement that are acquired by the Issuer from Arianty as soon as practical on or after the Issue Date but no later than the first Determination Date after the Issue Date utilising the Pre-Funding Amount;

"Pre-Funding Amount"

an amount equal to the difference between the proceeds of the Notes received by the Issuer on the Issue Date and the Purchase Price of the Initial Mortgages;

"Prepayments"

part principal repayments under a Mortgage where the Borrower Loan Limit does not change following repayment ahead of the repayment plan used by Mortgage Trust to provide a baseline for the repayment of the Mortgage. For the avoidance of doubt, Prepayments do not include scheduled principal repayments;

"Principal Amount Outstanding"

is as defined in the Conditions;

"Principal Collections"

at any time, the aggregate amount of Redemptions, Prepayments, enforcement proceeds and recoveries and insurance proceeds (to the extent they relate to principal) received during the immediately preceding Collection Period in respect of the Mortgages;

"Principal Deficiency"

on any Determination Date an amount equal to the Liabilities expected to exist as at close of business on the immediately succeeding Interest Payment Date less the Assets expected to exist as at close of business on the immediately succeeding Interest Payment Date, after having made all payments in accordance with the Priority of Payments where "**Liabilities**" means:

- (a) the aggregate Principal Amount Outstanding of the Notes on the last day of the immediately preceding Collection Period; less
- (b) the amount allocated in the Priority of Payments to redemption of the Notes under item (xii) on the immediately succeeding Interest Payment Date; plus
- (c) the aggregate principal amount outstanding under the Redraw Facility on the last day of the immediately preceding Collection Period; plus
- (d) the amount by which the aggregate principal amount outstanding under the Redraw Facility is expected to increase on the immediately succeeding Interest Payment Date as a result of the purchase of the right to repayment of Redraws; less
- (e) the amount allocated in the Priority of Payments to repayment of principal amounts outstanding under the Redraw Facility under item (x) on the immediately succeeding Interest Payment Date,

and "**Assets**" means:

- (a) the aggregate Outstanding Principal Amount of the Mortgages (including amounts receivable in respect of property related insurance policies) on the last day of the immediately preceding Collection Period; plus
- (b) the aggregate principal amount of the Redraws the right to repayment of which are to be purchased on the immediately succeeding Interest Payment Date; plus
- (c) the amount, if any, allocated in the Priority of Payments to credit the Liquidity Reserve up to the Liquidity Reserve Required Amount under item (viii) on the immediately succeeding Interest Payment Date plus the amount already standing to

the credit of the Liquidity Reserve on such date; plus

(d) the amount allocated in the Priority of Payments to purchase Further Advances under item (xi) on the immediately succeeding Interest Payment Date; plus

(e) the amount standing to the credit of the Pre-Funded Ledger,

provided that the Principal Deficiency shall never be less than zero;

"Principal Deficiency Ledger"

the ledger maintained to record the Principal Deficiency on each Determination Date;

"Principal Paying Agent"

Citibank, N.A.;

"Priority of Payments"

the order in which payments may be made from, *inter alia*, the Transaction Account prior to an Event of Default and which is set out in clause 5.4 of the Servicing Agreement;

"Property"

in relation to each Mortgage, the freehold, heritable or leasehold residential property in England, Wales, Scotland or Northern Ireland on which the relevant Mortgage Loan is secured;

"Provisional Mortgage Pool"

the provisional portfolio of mortgages owned by Arianty as at 30 September 2003 from which the Initial Mortgages will be drawn;

"Prudent Lender"

a reasonably prudent mortgage lender lending in the UK residential mortgage market;

"Purchase Price"

the consideration payable for the Mortgages determined under clause 4.1 of the Mortgage Sale Agreement;

"Rate of Interest"

the rate of interest from time to time payable on each class of the Notes as determined by the Agent Bank or the Trustee under the Conditions;

"Rating Agencies"

Moody's and S&P or, if at any time Moody's or S&P no longer assigns a rating to the Notes, such of them that are at that time assigning a rating to the Notes;

"RBS"

The Royal Bank of Scotland plc;

"RBS Contract"	the contract for cash management services between RBS and Mortgage Trust dated 10 March 1997 as amended or varied from time to time including pursuant to an addendum dated 29 October 1998;
"RBS Trust Accounts"	the accounts held from time to time by Mortgage Trust with RBS over which Borrowers have mandates pursuant to the RBS Contract together with the account number 10000151 held by Mortgage Trust with RBS pursuant to the RBS Contract, each of which accounts have Sort Code 16-04-20;
"Receiver"	a receiver appointed by the Trustee under clause 10 of the Deed of Charge;
"Reconciliation Amount"	the amount payable by or to the Issuer in respect of any over or underpayment for the Mortgages on the Issue Date as determined under Clause 4.2 of the Mortgage Sale Agreement;
"Redemption Amount"	the amount allocated for redemption of the Notes under item (xii) of the Priority of Payments;
"Redemptions"	means scheduled principal payments plus full and part principal repayments (including enforcement and insurance proceeds) under a Mortgage where the Borrower Loan Limit irrevocably reduces as a result of repayment ahead of the repayment plan administered by Mortgage Trust Services to provide a baseline for the repayment of the Mortgage;
"Redraw"	in respect of a Mortgage, a Payment Holiday or a redraw by the relevant Borrower of a portion of the principal of his/her Mortgage if and to the extent that such Borrower has previously made Prepayments on his/her Mortgage in excess of the scheduled principal repayments and has not previously redrawn the whole of such excess payments and provided that the amount of such Redraw is limited to ensure that the outstanding balance of the Mortgage after such Redraw is no greater than the Borrower Loan Limit;
"Redraw Commitment Expiry Date"	the Interest Payment Date falling in December 2035 provided that the Notes have not been redeemed earlier and enforcement

	of the Security in accordance with the Conditions of the Notes has not occurred;
"Redraw Facility"	a sterling revolving credit facility which may be utilised by the Issuer to fund the purchase of the right to repayment of Redraws with respect to Mortgages owned by the Issuer, subject to certain requirements set out in the Redraw Facility Agreement;
"Redraw Facility Agreement"	the agreement between the Issuer, the Trustee and the Redraw Facility Provider setting out the terms of the Redraw Facility;
"Redraw Facility Limit"	unless otherwise agreed between the Issuer, the Trustee, the Redraw Facility Provider and the Servicer and with the prior written confirmation of the Rating Agencies that the then current rating of the Notes will not be adversely affected, initially £24,959,447 and then, on any Interest Payment Date where the aggregate Potential Redraw Amount with respect to the Mortgages comprising the Mortgage Pool is less than 7.50 per cent of the aggregate Principal Amount Outstanding of the Notes, the greater of (i) 5 per cent of the aggregate Principal Amount Outstanding of the Notes at the immediately preceding Interest Payment Date and (ii) £14,975,668;
"Redraw Facility Provider"	Barclays Bank PLC;
"Redraw Ledger"	the ledger established and used to record the amount of any advance made to the Issuer by the Redraw Facility Provider as a result of a downgrade in the Redraw Facility Provider's unsecured, unsubordinated and unguaranteed debt rating below the Required Redraw Facility Provider Rating where the Redraw Facility Provider is not replaced by a suitable Redraw Facility Provider with the Required Redraw Facility Provider Rating within 30 days of such downgrade and the applicable Rating Agency has not confirmed in writing that such event would not cause it to downgrade the then current rating of the Notes;
"Reference Rate"	(a) for each Standard Variable Rate Mortgage, the standard variable rate set by Mortgage Trust Services from time to time;

- (b) for each LIBOR Linked Mortgage, LIBOR plus the margin applicable to the relevant Mortgage as set out in the mortgage documentation entered into with the relevant Borrower;
- (c) for each Base Rate Linked Mortgage, Bank of England Base Rate plus the margin applicable to the relevant Mortgage as set out in the mortgage documentation entered into with the relevant Borrower; and
- (d) for each Fixed Rate Mortgage, the rate set out in the mortgage documentation entered into with the relevant Borrower;

"Registered Transfer"

a transfer substantially in the form of Schedule III or Schedule XV, as appropriate, of the Mortgage Sale Agreement;

"Registers of Scotland"

the Land Registers of Scotland and/or the General Register of Sasines;

"Related Security"

in relation to any Mortgage, all Life Charges relating thereto, any rights against any guarantor relating thereto and where relevant any Deeds of Postponement, consents and charges by occupiers of Properties, MHA Documentation and any other security taken to secure the same obligations on the part of the relevant Borrower secured by the Mortgage;

"Repayment Mortgage"

a mortgage under the terms of which monthly instalments, which cover both interest and principal, are payable until the mortgage is fully repaid by its maturity;

"Repayment Plan"

the repayment plan used by Mortgage Trust to provide a repayment schedule for the repayment of the Borrower's Mortgage Loan;

"Repurchase Date"

the date of repurchase by Mortgage Trust Services or Arianty, as the case may be, of any Mortgage under clause 8 of the Mortgage Sale Agreement;

"Repurchase Price"

the amount payable by Mortgage Trust Services or Arianty, as the case may be,

under clause 8 of the Mortgage Sale Agreement;

"Required Redraw Facility Provider Rating"

a short term unsecured, unguaranteed and unsubordinated debt rating of P-1 from Moody's and A-1+ from S&P (unless the applicable Rating Agency confirms in writing that any downgrade in the credit rating of the Redraw Facility Provider would not cause it to downgrade the current rating of the Notes);

"Reserve Fund"

the amount recorded in the Reserve Ledger and represented by monies standing to the credit of the Transaction Account and/or invested in the Issuer's Investments;

"Reserve Fund Required Amount"

(A) from and including the Issue Date to and including the Coupon Step Up Date on each Interest Payment Date, (1) if an Arrears Event is not occurring, £14,476,479 or (2) if an Arrears Event is occurring, £16,972,424; and (B) from and excluding the Coupon Step Up Date, on each Interest Payment Date, (1) if an Arrears Event is not occurring, the greater of (i) 5.80% multiplied by the aggregate Principal Amount Outstanding of the Class A Notes and the Class M Notes and (ii) the Reserve Fund Requirement Floor or (2) if an Arrears Event is occurring, £16,972,424;

"Reserve Fund Requirement Floor"

is equal to the greater of (a) £2,000,000, (b) two times the aggregate principal balance of the largest Mortgage or two times the aggregate principal balance of the largest group of Mortgages in the name of a single Borrower as at the immediately preceding Determination Date, (c) the aggregate principal balance of the five largest Mortgages or the aggregate principal balance of the five largest groups of Mortgages in the names of single Borrowers as at the immediately preceding Determination Date and (d) two times the aggregate of (1) amounts to be applied to meet items (i) to (iv) of the Priority of Payments on that Interest Payment Date, (2) all amounts payable under the Redraw Facility other than in respect of principal on that Interest Payment Date and (3) the amount of interest payable on the Class A Notes and the Class M Notes on that Interest Payment Date in respect of the immediately preceding Interest Period;

"Reserve Ledger"	a ledger established to record the amount standing to the credit of the Reserve Fund from time to time;
"Retained Profit"	0.01% of the average aggregate Outstanding Principal Amount of the Mortgage Pool during the relevant Interest Period or such lesser amount as the Issuer may determine with the prior written consent of the Rating Agencies;
"S&P"	Standard & Poor's Rating Services, a division of The McGraw-Hill Companies Inc.;
"Scottish Declaration of Trust"	a declaration of trust in respect of the Scottish Mortgage Loans and Scottish Mortgages comprised in the Initial Mortgage Pool and the Related Security therefor substantially in the applicable form set out in Schedule XIII to the Mortgage Sale Agreement;
"Scottish Mortgage"	a Mortgage secured over a Property in Scotland together with the relevant Scottish Mortgage Loan and its Related Security, if applicable;
"Scottish Mortgage Loan"	a Mortgage Loan secured by a Scottish Mortgage;
"Scottish Pre-Funded Mortgage"	a Pre-Funded Mortgage which is a Scottish Mortgage;
"Scottish Sub-Security"	any standard security granted by the Issuer in favour of the Trustee pursuant to clause 3.7 of the Deed of Charge substantially in either of the forms set out in Schedule 3 thereto;
"Scottish Transfer"	an assignation of Scottish Mortgages and the Scottish Mortgage Loans secured thereby substantially in either of the applicable forms set out in Schedule XI or XII to the Mortgage Sale Agreement or in such other appropriate form in the case of Scottish Mortgages, legal title to which is held by a member of the Paragon Group other than Mortgage Trust;
"Scottish Trust"	the trust declared and created in terms of any Scottish Declaration of Trust and any Supplemental Scottish Declaration of Trust;
"Scottish Trust Property"	shall have the meaning given to it in any Scottish Declaration of Trust;

"Second Origination Sale Agreement"	Mortgage	the mortgage sale agreement dated 30 September 2003 between Mortgage Trust Services, Arianty and Citicorp Trustee Company Limited;
"Secured Amounts"		any and all of the amounts which the Issuer covenants to pay in clause 2 of the Deed of Charge and all other monies owed by it to the Secured Creditors under and pursuant to the Transaction Documents;
"Secured Creditors"		each of the Trustee, the Noteholders and the Couponholders (as defined in the Conditions), the Servicer, the Standby Servicer, the Redraw Facility Provider, the Start-Up Loan Provider, the GIC Provider, the Account Bank, the Interest Rate Swap Counterparties, the Currency Swap Counterparty, the Agent Bank, the Principal Paying Agent and the Paying Agents;
"Security"		the security for the Notes created pursuant to the Deed of Charge;
"Security Interest"		any mortgage, sub-mortgage, standard security, sub-standard security, charge, sub-charge, pledge, lien, assignment or assignation in security, equity, option, encumbrance, right of set-off, adverse right or interest or security interest whatsoever, howsoever created or arising;
"Senior Servicing Fee"		0.10% per annum of the aggregate principal balance of the Mortgages on the last day of the immediately preceding Collection Period, inclusive of value added tax;
"Servicer"		Mortgage Trust Services and its successors or such other person as may be appointed under the terms of the Servicing Agreement which includes the Standby Servicer when appointed as substitute Servicer under the terms of the Standby Servicing Agreement;
"Services"		the services to be provided by the Servicer to the Issuer and the Trustee pursuant to the Servicing Agreement;
"Servicing Agreement"		the agreement between the Issuer, Mortgage Trust, the Servicer, Arianty and the Trustee made on the Issue Date relating to the servicing of Mortgages and the management and administration of the Issuer's business in general;

"Servicing Fee"	the Senior Servicing Fee and the Subordinated Servicing Fee (if any) payable to the Servicer in accordance with the Servicing Agreement and the Priority of Payments;
"so far as Mortgage Trust Services is aware" or "so far as the Warrantors are aware"	Mortgage Trust Services' or the Warrantors' state of knowledge or the state of knowledge which Mortgage Trust Services or the Warrantors would have had as a result of making all usual and proper enquiries as to the relevant matter;
"Staff Mortgages"	Mortgages in respect of which the relevant Borrower is an Employee Borrower;
"Standard Variable Mortgages"	mortgages which are subject to a variable rate of interest set by Mortgage Trust Services from time to time;
"Standby Servicer"	GHL Mortgage Services Limited and its successors or such other person as may be appointed under the terms of the Standby Servicing Agreement;
"Standby Servicing Agreement"	the standby servicing agreement dated the Issue Date and made between the Issuer, the Standby Servicer, the Servicer and the Trustee;
"Standby Servicing Fee"	the quarterly fee (if any) payable to the Standby Servicer and determined in accordance with clause 3 of the Standby Servicing Agreement;
"Start-Up Loan"	the loan to be made available to the Issuer by the Start-Up Loan Provider pursuant to the Start-Up Loan Agreement which will consist of five tranches. The first tranche (" Tranche A ") will be an amount of £1,300,000 and will be used for meeting the costs and expenses of the Issuer related to the issue of the Notes. The second tranche (" Tranche B ") will be an amount of £14,476,479 and will be represented by a credit balance in the Reserve Fund. The third tranche (" Tranche C ") will be an amount of up to £2,650,000 and will be used to purchase the Interest Rate Swaps. The Issuer may at any time up to and including the first Interest Payment Date, make drawings under Tranche C of the Start-Up Loan. The fourth tranche (" Tranche D ") will be in an initial

	<p>amount of £6,792 and will be represented by a credit balance on the Base Rate Reserve. The Issuer may at any time up to and including the first Interest Payment Date, make drawings under Tranche D. The fifth tranche ("Tranche E") will be an initial amount of up to £1,100,000 and will be represented by a credit balance of the Discount Reserve. The Issuer may at any time up to and including the first Interest Payment Date, make drawings under Tranche E of the Start-Up Loan;</p>
"Start-Up Loan Agreement"	<p>a loan agreement between the Issuer, the Start-Up Loan Provider and the Trustee dated the Issue Date whereby the Start-Up Loan Provider provides the Issuer with the Start-Up Loan;</p>
"Start-Up Loan Provider"	<p>Mortgage Trust Services;</p>
"Sterling" or "£"	<p>the lawful currency of the United Kingdom;</p>
"Subordinated Servicing Fee"	<p>0.20% per annum of the aggregate principal balance of the Mortgages on the last day of the immediately preceding Collection Period, inclusive of value added tax;</p>
"subsidiary"	<p>is as defined in the Act;</p>
"Substitute Mortgage"	<p>a mortgage loan (including, if applicable, the relevant mortgage and related security) transferred to the Issuer pursuant to clause 8 of the Mortgage Sale Agreement after the Issue Date;</p>
"Supplemental Deed of Charge"	<p>an assignment in security supplemental to the Deed of Charge granted pursuant to clause 3.6(c) thereof substantially in the form set out in Schedule 2 thereto;</p>
"Supplemental Scottish Declaration of Trust"	<p>a declaration of trust supplemental to a Scottish Declaration of Trust in respect of Scottish Mortgage Loans and Scottish Mortgages (other than those comprised in the Initial Mortgage Pool) together with the Related Security therefor, substantially in the form set out in Schedule XIV to the Mortgage Sale Agreement or in such other appropriate form in the case of Scottish Mortgages, legal title to which is held by a member of the Paragon Group other than Mortgage Trust;</p>

"Surety"	in relation to each Mortgage the same person as is named and defined as such or as guarantor in the Mortgage Deed;
"TARGET Business Day"	a day on which the Trans-European Automated Real-time Cross Settlement Express Transfer System (or any successor thereto) is open;
"Tax Deed of Covenant"	the tax deed of covenant between the Issuer and Paragon dated on or about 29 January 2004;
"Taxes"	all present and future taxes, levies, imposts, duties, charges, fees, deductions and withholdings imposed or levied by any governmental, fiscal or other competent authority in the UK or any other jurisdiction (and includes any penalty payable in connection with any failure to pay, or delay in paying, any of the same) and "Tax" and "Taxation" shall be construed accordingly;
"Term Policies"	the term assurance policies which provide for guaranteed death benefits and the benefit of which may be assigned to or deposited with Mortgage Trust by way of collateral security to Mortgage Trust for the sums secured by certain of the Mortgages;
"Threshold Amount Deposit"	<p>a deposit which may be paid into the Transaction Account on an Interest Payment Date which is equal to the amount by which the amount produced by multiplying the Threshold Rate with the aggregate outstanding balances of the Mortgages in the Mortgage Pool on such Interest Payment Date and the fraction of the actual number of days elapsed in the relevant Interest Period in respect of a 365 day year (or a 366 day year if the last day of the relevant period falls in a leap year) exceeds the sum of:</p> <p>(a) the aggregate of the annual rate of interest applicable on such Interest Payment Date to each Mortgage in the Mortgage Pool multiplied by the principal balance outstanding of such Mortgage on such Interest Payment Date multiplied by the fraction of the actual number of days elapsed in the relevant Interest Period in respect of a 365 day year (or a 366 day year if the last day of</p>

the relevant period falls in a leap year), plus

- (b) any amount expected to be released from the Base Rate Reserve for application in accordance with the Priority of Payments on the next following Interest Payment Date; plus
- (c) any amount expected to be released from the Discount Reserve for application in accordance with the Priority of Payments on the next following Interest Payment Date; plus
- (d) any amounts received in respect of Interest Rate Swaps; plus
- (e) any income received in respect of any Bank Account or Permitted Investment,

(such amount not to be less than zero);

"Threshold Margin"

means (i) up to (but excluding) the Coupon Step Up Date, the figure expressed as a percentage resulting from the addition of (a) 1.0 per cent of the average total principal balance of Owner Occupied Loans outstanding during the relevant Interest Period plus (b) 1.4 per cent of the average total principal balance of Investment Home Loans outstanding during the relevant Interest Period, all divided by the average total principal balance outstanding of all Mortgages during that Interest Period and (ii) from and including the Coupon Step-Up Date, 1.9 per cent. The average total principal balance outstanding in any category of loan for the purposes of this calculation shall be calculated by reference to the total principal balance outstanding of such category of loan on each day during the relevant Interest Period;

"Threshold Rate"

in respect of an Interest Period means an annual rate of LIBOR as determined in relation to the Notes for such Interest Period plus the Threshold Margin;

"Title Deeds"

in relation to each Mortgage and the Property and Related Security relating thereto, all

conveyancing deeds, land and charge certificates and documents which make up the title to the Property and the security for the Mortgage and the Related Security including without limitation the deeds constituting the Mortgage and the Related Security;

"Transaction Account"

account number 30924563 in the name of the Issuer at the Account Bank to which payments in respect of amounts due and amounts received under the Mortgages which are credited to the Trust Accounts will be transferred in accordance with the terms of the Bank Agreement;

"Transaction Documents"

the Mortgage Sale Agreement, the Servicing Agreement, the Standby Servicing Agreement, the Redraw Facility Agreement, the Guaranteed Investment Contract, the Agency Agreement, the Bank Agreement, the Start-up Loan Agreement, the Interest Rate Swap Agreements, the Currency Rate Swap Agreements, the MTL Declaration of Trust, the MTS Declaration of Trust, any Scottish Declaration of Trust, any Supplemental Scottish Declaration of Trust, any Scottish Sub-Security, any Supplemental Deed of Charge, the Master Definitions Schedule, the VAT Declaration of Trust, the Tax Deed of Covenant and such other documents as are expressed to be subject to the charges under the Deed of Charge;

"Transfer"

a Registered Transfer, an Unregistered Transfer or a Scottish Transfer;

"Trust Accounts"

the RBS Trust Accounts and the MTS Trust Accounts;

"Trust Deed"

the trust deed constituting the Notes dated the Issue Date entered into between the Issuer and the Trustee;

"Trustee"

Citicorp Trustee Company Limited (registered number 235914);

"UK Listing Authority"

the Financial Services Authority in its capacity as the competent authority for the listing of the Notes in the UK;

"Unregistered Transfer"

a transfer substantially in the form of Schedule IV or Schedule XVI, as appropriate, of the Mortgage Sale Agreement;

"USD-LIBOR"	LIBOR for deposits in US Dollars;
"VAT"	value added tax or any similar tax imposed in place thereof from time to time;
"VAT Account"	an account held at National Westminster Bank Plc in relation to which the Paragon VAT Group's VAT fund is held and payments made to the extent that the member of the Paragon VAT Group primarily responsible for a VAT payment fails to pay the relevant amount and over which the VAT Declaration of Trust is granted;
"VAT Account Bank"	National Westminster Bank plc or any replacement bank at which the VAT Account is held;
"VAT Declaration of Trust"	the twenty sixth supplemental VAT declaration of trust executed by Citicorp Trustee Company Limited (as successor to Morgan Guaranty Trust Company of New York) and dated 19 March 1993, as subsequently amended, supplemented and restated;
"Warranties"	the warranties of the Warrantors set out in Schedule I of the Mortgage Sale Agreement and "Warranty" means each and every one of them;
"Warrantors"	Mortgage Trust Services and Arianty;
"Warranty Claim"	a claim by the Issuer in connection with the Warranties;
"Withheld Amount"	an amount equal to any withholding or deduction required to be made by the Issuer to any payment under a Currency Swap Agreement for or on account of United Kingdom tax;
"Withholding Compensation Amounts"	an amount or amounts equal to (i) any Additional Amounts paid by the Currency Swap Counterparty or an Interest Rate Swap Counterparty to the Issuer on the relevant Interest Payment Date together with, to the extent not paid by the Issuer on any previous Interest Payment Date, an amount equal to any Additional Amounts paid by the Currency Swap Counterparty or an Interest Rate Swap Counterparty on any previous Interest Payment Date and (ii) an amount or amounts

equal to any Withheld Amount on such Interest Payment Date, together with, to the extent not paid by the Issuer on any previous Interest Payment Date, an amount equal to any Withheld Amount applicable to any previous Interest Payment Date.

- 1.2 Words denoting the singular number only shall include the plural number also and vice versa, words denoting one gender only shall include the other genders and words denoting persons only shall include firms and corporations and vice versa.
- 1.3 References to any agreement, deed, document or instrument (including, without limitation, references to this Master Definitions Schedule and any agreement supplemental hereto) shall be deemed to include references to such agreement, deed, document or instrument as varied, amended, modified, novated, supplemented or replaced by any other agreements, deeds, documents or instruments from time to time.
- 1.4 References in any Transaction Document to any statutory provision shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under any such re-enactment.
- 1.5 References herein to any party includes references to their respective successors and persons deriving title under or through each of them.
- 1.6 A reference to clause or schedule is a reference to a clause of or a schedule to any Transaction Document.
- 1.7 References to the "assets" of any person shall be construed as a reference to the whole or any part of its business, undertaking, property, shareholdings, assets and revenues (including any right to receive revenues and uncalled capital).
- 1.8 Headings and sub-headings are inserted for convenience only.
- 1.9 References to "including" and "in particular" shall not be construed restrictively but shall mean "including, without prejudice to the generality of the foregoing" and "in particular, but without prejudice to the generality of the foregoing" respectively.
- 1.10 References to "law" shall include any present or future common law, statute, statutory instrument, treaty, regulation, directive, order, decree, other legislative measure, code, circular, notice, demand, or injunction, including those with which it is customary for persons to whom it is directed to comply, even if compliance is not mandatory.
- 1.11 References to "writing" include telex and facsimile transmission legibly received, except in relation to any certificate, forecast, report, notice, resolution or other document which is expressly required by any Transaction Document to be signed, and "written" has a corresponding meaning.
- 1.12 References to "leasehold" shall include any property in Scotland held under a long lease duly registered or recorded in the Registers of Scotland;
- 1.13 References to "mortgages" shall include loans secured by a standard security over property in Scotland and "mortgage" has a corresponding meaning;
- 1.14 References to "full title guarantee" shall include warrandice under Scots law;
- 1.15 References to "set-off" shall include analogous rights under Scots law.

2. NOTICES

Each communication to be made under any Document shall be made in writing but, unless otherwise stated, may be made by facsimile or letter. Any communication or document to be made or delivered by one person to another shall (unless that other person has by fifteen days' written notice to the first person specified another address) be made or delivered to that other person at the address identified below and shall be deemed to have been made or delivered when despatched (in the case of any communication made by facsimile) or (in the case of any communication made by letter) when left at that address or (as the case may be) ten days after being deposited in the post postage prepaid in an envelope addressed to it at that address provided always that any communication or document deemed made or delivered on a day which is not a Business Day shall be deemed to have been so made or delivered on the next following Business Day:

- (a) in the case of **First Flexible No. 6 plc**: to St Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (facsimile number: 0121 712 2072), marked for the attention of the Company Secretary;
- (b) in the case of **Mortgage Trust Limited**: to St Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (facsimile number: 0121 712 2072), marked for the attention of the Company Secretary;
- (c) in the case of **Mortgage Trust Services plc**: to St Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (facsimile number: 0121 712 2072), marked for the attention of the Company Secretary;
- (d) in the case of **GHL Mortgage Services Limited**: to Meridian House, Anchor Boulevard, Crossways Business Park, Dartford, Kent DA2 6QU (facsimile number: 01322 428017), marked for the attention of the Company Secretary;
- (e) in the case of **Citibank, N.A.** in its capacity as the Principal Paying Agent: to 5 Carmelite Street, London EC4Y 0PA (facsimile number: 020 7508 3876/3877), marked for the attention of AGENCY & TRUST;
- (f) in the case of **JPMorgan Chase Bank** in its capacity as an Interest Rate Swap Counterparty and Currency Swap Counterparty: to 125 London Wall, London EC2Y 5AJ (facsimile number: 020 7777 4758), marked for the attention of Head of Lead Department - Capital Markets Group;
- (g) in the case of **Barclays Bank PLC** in its capacity as the Redraw Facility Provider: to 54 Lombard Street, London EC3V 9EX (facsimile number: 020 7699 3131), marked for the attention of Brian Cook;
- (h) in the case of **Barclays Bank PLC** in its capacity as an Interest Rate Swap Counterparty: to 5 The North Colonnade, Canary Wharf, London E14 4BB (facsimile number: 020 7773 4934), marked for the attention of Legal Director, Legal Division (marked urgent);
- (i) in the case of **The Royal Bank of Scotland plc**: to 2nd Floor, 79-83 Colmore Row, Birmingham B3 2AP (facsimile number: 0121 236 1658), marked for the attention of Andrew Taylor, Corporate Banking;
- (j) in the case of **Arianty No. 1 plc**: to St Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (facsimile number: 0121 712 2072), marked for the attention of the Company Secretary; and

- (k) in the case of **Citicorp Trustee Company Limited**: to Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB (facsimile number: 020 7500 5857/5877), marked for the attention of Agency & Trust.