

PARAGON MORTGAGES LIMITED

as an Originator and a Seller

PARAGON SECOND FUNDING LIMITED

as the Warehouse

MORTGAGE TRUST LIMITED

as an Originator

MORTGAGE TRUST SERVICES PLC

as an Administrator and as a Seller

PARAGON FINANCE PLC

as an Administrator

PARAGON MORTGAGES (NO.10) PLC

as the Issuer

and

CITICORP TRUSTEE COMPANY LIMITED

as the Trustee

MORTGAGE SALE AGREEMENT

17 November 2005

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THIS MORTGAGE SALE AGREEMENT is made by way of deed on 17 November 2005

BETWEEN:

- (1) **PARAGON MORTGAGES LIMITED** (registered number 2337854) whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE in its capacity as a Seller (a "Seller") under this Agreement ("PML");
- (2) **PARAGON SECOND FUNDING LIMITED** (registered number 2637506) whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE ("PSFL" and the "Warehouser");
- (3) **MORTGAGE TRUST SERVICES PLC** (registered number 3940202) whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE ("MTS", and together with PML, the "Sellers", and together with PFPLC, the "Administrators");
- (4) **MORTGAGE TRUST LIMITED**, (registered number 2048895) whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE ("MTL" and together with PML, the "Originators");
- (5) **PARAGON FINANCE PLC** (registered number 1917566) whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE ("PFPLC");
- (6) **PARAGON MORTGAGES (NO.10) PLC** (registered number 04514738) whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "Issuer", which term where the context permits shall include its successors and permitted assigns); and
- (7) **CITICORP TRUSTEE COMPANY LIMITED** (registered number 235914) whose registered office is at Citigroup Centre, 14th Floor, Canada Square, Canary Wharf, London E14 5LB (the "Trustee", which term where the context permits shall include such company and all other persons or companies for the time being acting as the trustee or trustees under the Trust Deed).

IT IS HEREBY AGREED AS FOLLOWS:

1. DEFINITIONS

- 1.1 The expressions defined in the Relevant Documents shall, unless otherwise defined in this clause 1.1, have the same meanings in this Agreement and, in this Agreement, except in so far as the context otherwise requires:

"**Accrued Arrears**" means, in respect of any Mortgage, the amount of all sums which have accrued as due and payable by the Borrower in respect of such Mortgage in respect of the period up to but excluding the relevant Purchase Date and which remain due and payable at the relevant Purchase Date (provided that the principal moneys

payable under any such Mortgage shall not be deemed to be due for the purpose of this paragraph merely because the legal date for redemption of the relevant Mortgage has passed as at the relevant Purchase Date);

"**Administration Agreement**" means the agreement to be executed on or before the Closing Date between PFPLC, MTS (in its capacity as Seller and Administrator), the Issuer, PML, MTL and the Trustee relating to, amongst other things, the administration of the Mortgages;

"**Administration Manual**" has the same meaning as in the Administration Agreement;

"**Administrator**" has the same meaning as in the Administration Agreement;

"**Annexures**" means, in the case of this Agreement, the annexure to this Agreement and, in the case of any Non-Verified Mortgage Request, the schedule referred to in that Non-Verified Mortgage Request, in each case, containing brief particulars of the English Mortgages and signed by or on behalf of the parties hereto for the purposes of identification, such annexure and schedules to be provided in either hard copy form or in electronic format;

"**Arrears Mortgage**" means a Mortgage in respect of which, on the Purchase Date, as applicable, the Accrued Arrears exceeds in aggregate an amount equal to one current monthly payment under that Mortgage;

"**Assured Shorthold Tenancy**" means in respect of Property located in England and Wales, a tenancy to which s.19(A) and s.20 of the Housing Act 1988, as amended, applies, and in respect of Property located in Northern Ireland, a tenancy on similar terms as such English assured shorthold tenancy;

"**Basis Hedge Agreement**" has the same meaning as in the Trust Deed;

"**Borrower**", in relation to each Individual Mortgage, means the person defined as the "Borrower" in the Mortgage Conditions applicable to that Individual Mortgage and, in relation to each Corporate Mortgage, means the company defined as the "Company" or the "Borrower" in the Mortgage Conditions applicable to that Corporate Mortgage;

"**Business Day**" means a day (other than a Saturday or Sunday) on which banks are generally open for business in London;

"**Cap Agreement**" has the same meaning as in the Administration Agreement;

"**Cap Guarantee**" has the same meaning as in the Administration Agreement;

"**Closing Date**" means 17 November 2005;

"**Collection Period**" has the same meaning as in the Administration Agreement;

"**Converted Mortgages**" means Mortgages which have been converted from any one type of Mortgage into a different type of Mortgage (or a combination of types of Mortgage);

"Corporate Mortgages" means mortgages, charges and Standard Securities and the loans secured thereby where the borrower thereunder is a limited liability company;

"Current Balance" has the same meaning as in the Deed of Charge;

"Deed of Charge" means a deed of sub-charge and assignment to be entered into on the Closing Date between the Issuer, the Trustee, PFPLC, PML, MTL, MTS, GHL Mortgage Services Limited, JPMorgan Chase Bank, National Association and ABN AMRO Bank N.V., London Branch as Basis Hedge Providers and HSBC Bank plc as Currency Swap Provider and includes, where the context so admits, any further or supplemental charge or security granted pursuant thereto;

"Deferred Purchase Consideration" means the amounts payable by the Issuer to the relevant Sellers on each Interest Payment Date subject to and as specified in the relevant priority of payments, comprising an amount equal to the remaining balance, if any, of the moneys available on such Interest Payment Date for application in accordance with the relevant priority of payments less an amount equal to 0.01% of the GBP Equivalent Principal Liability Outstanding of the Notes on the Principal Determination Date immediately preceding the relevant Interest Payment Date multiplied by the actual number of days in the relevant Collection Period divided by 365, in accordance with an agreement between PML, MTS and the Issuer;

"Direct Debiting Scheme" means the scheme for the manual or automated debiting of bank accounts operated in accordance with the detailed rules of certain members of the Association for Payment Clearing Services;

"Discretionary Further Advance" has the same meaning as in the Administration Agreement;

"Enforcement Notice" has the same meaning as in the Deed of Charge;

"English Sale Document" means this Agreement (in the case of the purchase of the Original Mortgages) and each Non-Verified Mortgage Request (in the case of the purchase of any Non-Verified Mortgages);

"English Mortgage" means a Mortgage secured or intended to be secured over residential Property in England or Wales;

"First Loss Fund" means the amount standing to the credit of the First Loss Ledger from time to time;

"First Loss Ledger" means the ledger so referred to in clause 6.2.1 of the Administration Agreement;

"Flexible Drawing Advance" means a Flexible Drawing Cash Advance or Flexible Drawing Capitalised Advance;

"Flexible Drawing Capitalised Advance" means the amount of interest that was scheduled to be paid as one or more of the borrower's monthly payments but which is met (in whole or in part) by capitalising such amount to his Flexible Mortgage account;

"Flexible Drawing Cash Advance" means each amount withdrawn by the borrower from his Flexible Mortgage account;

"Flexible Mortgage" means a Mortgage which provides borrowers with the right to make principal overpayments and to obtain Flexible Drawing Advances from time to time;

"Further Purchase Date" means, in relation to any sale and purchase of Non-Verified Mortgages, the date on which the sale and purchase is completed subject to, and in accordance with, the terms of this Agreement;

"Individual Mortgages" means mortgages, charges and Standard Securities and the loans secured thereby where the borrower thereunder is an individual;

"Insurance Contracts" means the contracts of insurance specified in Schedule 1 to the extent therein specified;

"Interest Charging Balance" has the same meaning as in the Administration Agreement;

"Interest Payment Date" has the same meaning as in the Administration Agreement;

"Investment Home Mortgage" means a Mortgage which relates to a Property occupied or intended to be occupied by a tenant of a Borrower and not the Borrower itself or held as an investment by a Borrower;

"Lending Guidelines" means the lending guidelines set out in Schedule 9 or, in relation to any Converted Mortgages, the lending guidelines applicable thereto which (to the extent that they differ from those set out in Schedule 9) have received the written approval of the Rating Agencies (and a copy of which has been supplied to the Trustee);

"Mandatory Further Advance" has the same meaning as in the Administration Agreement;

"MHA Documentation" means an affidavit, consent or renunciation granted in terms of the Matrimonial Homes (Family Protection) (Scotland) Act 1981 in connection with a Scottish Mortgage which is an Individual Mortgage or the Property to which it relates;

"Mortgage Conditions" means the terms and mortgage conditions applicable to the Mortgages and which are comprised in the Mortgage Documentation;

"Mortgage Documentation" means, in the case of any Individual Mortgage, the documents listed in Part A of Schedule 2 and, in the case of any Corporate Mortgage,

the documents listed in Part B of Schedule 2 or, in the case of any Mortgage which has been converted into a different type or types of Mortgage, those listed as aforesaid (as applicable) or such other documents as may have been used in connection with such Mortgages, the use of which the Rating Agencies shall have confirmed to the Trustee would not adversely affect the then current ratings of the Notes;

"Mortgagee" means each of the relevant Sellers, MTL and the Warehouse as mortgagee, chargee or heritable creditor, as the context requires;

"Mortgages" means the Original Mortgages and Non-Verified Mortgages;

"MTL Mortgages" means the Mortgages originated by MTL to be sold by PSFL to MTS and by MTS to the Issuer pursuant to this Agreement;

"Non-Verified Mortgages" means in relation to PSFL, the Individual Mortgages and Corporate Mortgages (being, in each case, English Mortgages) to be sold by PSFL to PML in the case of PML Mortgages and to MTS in the case of MTL Mortgages and by PML and MTS to the Issuer pursuant to this Agreement and brief details of which are to be set out in the Annexures to the relevant English Sale Document on the relevant Purchase Date and, in each case, in which PSFL is indicated as being the warehouse company in relation to such English Mortgages;

"Non-Verified Mortgage Amount" means the amount credited to the Pre-Funding Reserve Ledger on the Closing Date which will equal the balance of the gross proceeds of the issue of the Notes and any drawing under the Subordinated Loan Agreement which is not applied on the Closing Date in purchasing Mortgages or in establishing the First Loss Fund;

"Non-Verified Mortgage Request" means a letter in substantially the same form as that set out in Schedule 13;

"Non-Verified Payment" means the purchase price payable by the Issuer for any Non-Verified Mortgage and, for the avoidance of doubt, includes any necessary UCD Amount;

"Northern Irish Mortgage" means a Mortgage secured or intended to be secured over residential Property in Northern Ireland;

"Notes" and **"Class A Notes"**, **"Class B Notes"** and **"Class C Notes"** have the same meaning as in the Administration Agreement;

"Offering Circular" means the offering circular dated 14 November 2005 in relation to the issue by the Issuer of the Notes;

"Original Mortgages" means:

- (i) in relation to PSFL, the Individual Mortgages and Corporate Mortgages to be sold by PSFL to PML and MTS pursuant to this Agreement and brief details of which are, in the case of the English Mortgages, to be set out in Part 1 of

the Annexures to this Agreement and, in the case of the Scottish Mortgages, are to be set out in the Scottish Mortgages Schedule to be delivered by PML and MTS on the Closing Date;

- (ii) in relation to MTS, the Individual Mortgages and Corporate Mortgages to be sold by MTS to the Issuer pursuant to this Agreement and brief details of which are, in the case of the English Mortgages and Northern Irish Mortgages, to be set out in Part 2 of the Annexures to this Agreement and, in the case of the Scottish Mortgages, are to be set out in the Scottish Mortgages Schedule to be delivered by MTS on the Closing Date; and
- (iii) in relation to PML, the Individual Mortgages and Corporate Mortgages to be sold by PML to the Issuer pursuant to this Agreements and brief details of which are, in the case of English Mortgages, to be set out in Part 1, Part 2 and Part 3 of the Annexures to this Agreement and, in the case of the Scottish Mortgages, are to be set out in the Scottish Mortgages Schedule to be delivered by PML on the Closing Date;

"PML Mortgages" means the Mortgages to be sold by PFSL to PML and by PML to the Issuer pursuant to this Agreement;

"Power of Attorney" means a power of attorney to be granted by each Originator and MTS in favour of the Issuer, the Trustee and the Administrator in the form set out in Parts A, B and C of Schedule 5;

"Pre-Funding Reserve Ledger" means the ledger so referred to in clause 6.2.1 of the Administration Agreement;

"Principal Determination Date" has the same meaning as in the Administration Agreement;

"Property" means, in relation to each Mortgage, the residential property upon which the relevant loan is secured;

"Provisional Mortgage Pool" means the provisional mortgage pool comprising mortgages, charges and Standard Securities and the loans secured thereby referred to in the Offering Circular prepared in connection with the Notes having an aggregate provisional balance of £657,952,600.57;

"Purchase Date" means:

- (i) in relation to the sale and purchase of the Original Mortgages, the Closing Date; and
- (ii) in relation to any sale and purchase of Non-Verified Mortgages, the relevant Further Purchase Date;

"Purchased Pre-Closing Accruals and Arrears" means, in respect of any Arrears Mortgage, the Accrued Arrears in respect of such Arrears Mortgage and the amount of

any interest (including capitalised interest (if any)) or other sum due to be paid or accrued in respect of any period up to the Purchase Date under or in respect of such Arrears Mortgage;

"**Rating Agencies**" has the same meaning as in the Administration Agreement;

"**Registered Land Transfer**" means a transfer of English Mortgages in the form set out in Schedule 3 or a transfer of Northern Irish Mortgages (in respect of Property comprising registered land in Northern Ireland) in the form set out in Schedule 11;

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

"**Relevant Documents**" has the same meaning as in the Deed of Charge;

"**Relevant Mortgage**" has the same meaning as in clause 8.6;

"**Relevant Second Mortgage**" has the same meaning as in clause 8.7;

"**Retained Pre-Closing Accruals and Arrears**" means, in respect of any Mortgage other than an Arrears Mortgage, the Accrued Arrears in respect of such Mortgage and the amount of any interest (including capitalised interest (if any)) or other sum due to be paid or accrued in respect of any period up to the Purchase Date under or in respect of such Mortgage;

"**Revenue Ledger**" has the same meaning as in the Administration Agreement;

"**Sasine Register Transfer**" means an assignation of Scottish Mortgages in the form set out in Part A of Schedule 7, in the case of Scottish Mortgages originated by PML, and in the form set out in Part B of Schedule 7, in the case of Scottish Mortgages originated by MTL;

"**Scottish Declarations of Trust**" means the declarations of trust made by each Originator in favour of the Issuer on the Closing Date in respect of the Scottish Mortgages and the collateral security therefor in the form set out in Part A of Schedule 8, in the case of Scottish Mortgages originated by PML, and in the form set out in Part B of Schedule 8, in the case of Scottish Mortgages originated by MTL;

"**Scottish Mortgage**" means a Mortgage secured or intended to be secured over residential Property in Scotland;

"**Scottish Mortgages Schedule**" means a schedule setting out details of the Scottish Mortgages to be delivered on the Closing Date and signed by or on behalf of the parties hereto for the purposes of identification;

"**Scottish Sub-Securities**" has the same meaning as in the Deed of Charge;

"**Scottish Transfer**" means a SLR Transfer and/or a Sasine Register Transfer;

"Short Assured Tenancy" means a tenancy to which section 32 of the Housing (Scotland) Act 1988 applies;

"SLR Transfer" means an assignation of Scottish Mortgages in the form set out in Part A of Schedule 6, in the case of Scottish Mortgages originated by PML, and in the form set out in Part B of Schedule 6, in the case of Scottish Mortgages originated by MTL;

"Standard Security" means a standard security as defined in Part II of the Conveyancing and Feudal Reform (Scotland) Act 1970;

"Subordinated Lenders" has the same meaning as in the Administration Agreement;

"Subordinated Loan Agreement" has the same meaning as in the Administration Agreement;

"Transaction Account" has the same meaning as in the Administration Agreement;

"Transfer" means a Registered Land Transfer and/or an Unregistered Land Transfer and/or a Scottish Transfer;

"Trust Deed" has the same meaning as in the Administration Agreement;

"UCD Amount" means any amount advanced to the Issuer by either of the Subordinated Lenders under the Subordinated Loan Agreement to enable the Issuer to pay that part of the consideration for any Mortgages which constitutes unamortised cashbacks and/or discounts;

"Unamortised Cashbacks and Discounts" means:

- (a) in the case of a Mortgage under which the Borrower has been given a capital sum by way of "cashback" otherwise than in the expectation that the capital sum would be treated as an advance by the original chargee and be repaid, so much of such capital sum as remains unamortised or unprovided for in the books of the person beneficially entitled to the Mortgage immediately prior to the Purchase Date; and
- (b) in the case of a Mortgage under which the Borrower has been given a "discount" on the interest payable otherwise than in the expectation that the aggregate of the discount would be added to the advance and repaid, so much of the aggregate of the discount as remains unamortised or unprovided for in the books of the person beneficially entitled to the Mortgage immediately prior to the Purchase Date;

"Unregistered Land Transfer" means a transfer of English Mortgages in the form set out in Schedule 4 or a transfer of Northern Irish Mortgages in the form set out in Schedule 12 (in respect of Property comprising unregistered land in Northern Ireland);

"Waived Prepayment Charge Amount" has the same meaning as in the Administration Agreement;

"Warehouse Deed of Charge" means in relation to PSFL the deed of sub-charge and assignment (as amended) dated 26 February, 1999 between, amongst others, PSFL and The Royal Bank of Scotland plc (in its capacity as Security Agent under and as defined in that deed of sub-charge and assignment); and

"Warehouse Release" means in relation to Mortgages being sold by PSFL and purchased on the Closing Date, a release duly executed by The Royal Bank of Scotland plc (in its capacity as Security Agent under, and as such term is defined in, the Warehouse Deed of Charge relating to PSFL) of its security interests in those Mortgages (and the collateral or related security therefor) in a form acceptable to the Trustee.

- 1.2 The headings and contents pages in this Agreement shall not affect its interpretation. References in this Agreement to clauses and Schedules shall, unless the context otherwise requires, be construed as references to clauses of and schedules to, this Agreement and references to sub-clauses shall, unless the context otherwise requires, be construed as references to sub-clauses of the clause in which the references appear.
- 1.3 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.
- 1.4 References in this Agreement to any agreement or other document shall be deemed also to refer to such agreement or document as amended, modified, novated or replaced from time to time.
- 1.5 The terms of the Relevant Documents are incorporated herein to the extent required for any contract for the disposition of an interest in land (as defined in Section 2(6) of the Law of Property (Miscellaneous Provisions) Act 1989) contained herein to be a valid agreement in accordance with Section 2(1) of that Act.
- 1.6 References to PML, PFPLC, MTS, MTL, the Warehouse, the Issuer, the Trustee, the Administrators or any other person include references to their successors, transferees and assigns and persons deriving title under or through them respectively. References in this Agreement to any statute or statutory provision shall be deemed also to refer to any statutory modification or re-enactment thereof and to any statutory instruments, orders or regulations made thereunder or under any such re-enactment.
- 1.7 Each of the parties to this Agreement acknowledges and agrees that there will be no Non-Verified Mortgages and that no Mortgages will be purchased from PML, MTS or PSFL by the Issuer after the Closing Date. Accordingly, it is agreed that notwithstanding any other provision of this Agreement or any of the other Relevant Documents:

- (a) no Non-Verified Mortgages will be purchased from PML, MTS or PSFL, and no Non-Verified Payments will be payable to PML, MTS or PSFL by the Issuer in respect of the Non-Verified Mortgages and no Non-Verified Mortgages will be sold by PML, MTS or PSFL to the Issuer;
- (b) there will be no Pre-Funding Reserve Ledger and accordingly no amounts will be credited to, or debited from, the Pre-Funding Reserve Ledger at any time; and
- (c) the Non-Verified Mortgage Amount will be zero at all times.

2 SALE BY THE WAREHOUSER TO PML AND MTS

2.1 Subject to the terms and conditions of this Agreement, the Warehouser, MTS and PML agree that the Warehouser shall:

- (a) with the exception of any PML Mortgages which are Non-Verified Mortgages, in the case of the PML Mortgages, sell and PML shall purchase the PML Mortgages on the Closing Date;
- (b) with the exception of any MTS Mortgages which are Non-Verified Mortgages, in the case of the MTL Mortgages, sell and MTS shall purchase the MTL Mortgages on the Closing Date; and
- (c) at any time and from time to time up to (including) the first Principal Determination Date, the Warehouser may by delivering a Non-Verified Mortgage Request to PML and/or MTS and the Trustee, require PML and/or MTS to purchase, and if so required PML and/or MTS shall, subject to the terms of this Agreement, purchase, Non-Verified Mortgages on the date specified in such request (being a Business Day falling on or prior to the first Principal Determination Date).

2.2 In connection with each sale and purchase referred to in clause 2.1, subject to the terms and conditions of this Agreement, the Warehouser agrees to sell with full title guarantee (or in the case of the Scottish Mortgages with absolute warrandice) and PML (in respect of the PML Mortgages) and MTS (in respect of the MTL Mortgages) agree to purchase on the relevant Purchase Date and subject to the terms and conditions of this Agreement, the Warehouser hereby sells and PML (in respect of the PML Mortgages) and MTS (in respect of the MTL Mortgages) hereby purchases on the relevant Purchase Date:

- (A) subject to the subsisting rights of redemption of Borrowers, those Mortgages which are or will be set out in the Annexures to the relevant English Sale Document pursuant to which such Mortgages are to be purchased on that Purchase Date and (in the case of the Scottish Mortgages) which are or will be set out in the Scottish Mortgages Schedule to be delivered on the Closing Date and, in each case, in which the Warehouser is indicated as being the

warehouse company in relation to such English Mortgages, Northern Irish Mortgages and Scottish Mortgages including for the avoidance of doubt:

- (i) all sums of principal, interest or any other sum payable under and the right to demand, sue for, recover, receive and give receipts for all principal moneys payable under such Mortgages or the unpaid part thereof and the interest due or to become due thereon and the other sums due under such Mortgages including the Accrued Arrears in respect of any such Mortgage and the amount of any interest (including capitalised interest (if any)) or other sums due to be paid or accrued in respect of any period up to such Purchase Date under or in respect of any Mortgage (provided that the principal moneys payable under any such Mortgage shall not be deemed to be due for the purpose of this paragraph merely because the legal date for redemption of the relevant Mortgage has passed); and
 - (ii) the benefit of all securities for such principal moneys and interest and the benefit of and the right to sue on all obligations, undertakings and covenants with, or vested in, the Mortgagee in each such Mortgage and the right to exercise all the Mortgagee's powers in relation to such Mortgages and, in the case of Individual Mortgages only, the benefit of all consents to mortgage signed by the occupiers of the Properties and the benefit of all MHA Documentation; and
 - (iii) all the estate and interest in the Properties vested in the Mortgagee subject to redemption or cesser; and
 - (iv) all causes and rights of action against any person in connection with any report, valuation, opinion, certificate, consent or other statement of fact or opinion given in connection with any such Mortgage or affecting the decision to make the relevant advance;
 - (v) the benefit of any guarantee or surety vested in the Mortgagee relating to any such Mortgage and any other collateral security relating to such Mortgage; and
 - (vi) the benefit of any rights to receive compensation in respect of criminal damage pursuant to the Criminal Damage (Compensation) (Northern Ireland) Order 1977 in respect of the Northern Irish Mortgages; and
- (B) all its right, title, interest and benefit (whether present or future) in relation to the Insurance Contracts including the right to receive the proceeds of any claim insofar only as they relate to such Mortgages.

2.3 The completion of the sale and purchase referred to in clauses 2.2(A) and (B) in relation to the Scottish Mortgages on the Closing Date in accordance with clause 6 shall *ipso facto* constitute a release of those Scottish Mortgages sold by the Warehouse

to PML or MTS pursuant to this clause 2 on the Closing Date and all collateral security relative thereto from the trusts constituted by the declarations of trust between (i) PML and PSFL dated on, or subsequent to, 26 February, 1999 and (ii) MTL, MTS (where applicable) and PSFL dated on, or subsequent to, 25 May 2004, and the termination of the said trusts in respect thereof, the personal and contractual right to which *Scottish Mortgages and other collateral security shall thereupon revert to and be vested in PML or (as applicable) MTS.*

- 2.4 If, on or at any time after the relevant Purchase Date, the Warehouser holds, or there is held to its order, or it receives, or there is received to its order any property, interest, right or benefit hereby agreed to be sold to PML or MTS and/or the proceeds thereof, it undertakes with PML or MTS as appropriate that it will hold such property, interest, right or benefit and/or the proceeds thereof upon trust for PML or MTS as appropriate as the beneficial or contractual owner thereof or as PML or MTS as *appropriate may direct and in the case of proceeds shall forthwith pay such proceeds to PML or MTS as appropriate to be dealt with as provided herein.*

3. **SALE BY THE SELLERS TO THE ISSUER**

- 3.1 Subject to the terms and conditions of this Agreement, each Seller severally agrees with the Issuer and the Issuer agrees with that Seller that:

3.1.1 each Seller shall severally sell, and the Issuer shall purchase, the Original Mortgages on the Closing Date; and

3.1.2 at any time and from time to time up to (including) the first Principal Determination Date, the Sellers may by delivering a Non-Verified Mortgage Request to the Issuer and the Trustee, require the Issuer to purchase, and if so required the Issuer shall, subject to the terms of this Agreement, purchase, Non-Verified Mortgages on the date specified in such request (being a Business Day falling on or prior to the first Principal Determination Date).

- 3.2 Subject to the terms and conditions of this Agreement, the relevant Seller severally agrees to sell with full title guarantee (or in the case of Scottish Mortgages, with absolute warrandice, or in the case of Northern Irish Mortgages, as beneficial owners) and the Issuer agrees to purchase on each Purchase Date and subject to the terms and conditions of this Agreement, the relevant Seller hereby sells and the Issuer hereby purchases on the Closing Date:

- (A) subject to the subsisting rights of redemption of Borrowers, those Mortgages which are or will be set out in the Annexures to the relevant English Sale Document pursuant to which Mortgages are to be purchased on that Purchase Date *and (in the case of the Scottish Mortgages) which are or will be set out in the Scottish Mortgages Schedule and in the schedule to the Scottish Declaration of Trust to be given by PML (where PML is the Seller) or to the Scottish Declaration of Trust to be given by MTL (where MTS is the Seller) in each case to be delivered on the Closing Date and, in each case, in which*

that Seller is indicated as being the Seller in relation to such English Mortgages and Scottish Mortgages (and, only where MTS is the Seller, the Northern Irish Mortgages) including for the avoidance of doubt:

- (i) all sums of principal, interest or any other sum payable under and the right to demand, sue for, recover, receive and give receipts for all principal moneys payable or to become payable under such Mortgages or the unpaid part thereof and the interest due or to become due thereon and the other sums due under such Mortgages, in each case other than Retained Pre-Closing Accruals and Arrears which the relevant Seller shall not transfer but shall retain for its own benefit; and
 - (ii) the benefit of all securities for such principal moneys and interest, and the benefit of and the right to sue on all obligations, undertakings and covenants with, or vested in, the Mortgagee in each such Mortgage and the right to exercise all the Mortgagee's powers in relation to such Mortgages and, in the case of Individual Mortgages only, the benefit of all consents to mortgage signed by occupiers of the Properties and the benefit of all MHA Documentation; and
 - (iii) all the estate and interest in the Properties vested in the Mortgagee subject to redemption or cesser; and
 - (iv) all causes and rights of action against any person in connection with any report, valuation, opinion, certificate, consent or other statement of fact or opinion given in connection with any such Mortgage or affecting the decision to make any relevant advance;
 - (v) the benefit of any guarantee or surety vested in the Mortgagee relating to any such Mortgage and any other collateral security relating to such Mortgage;
 - (vi) the benefit of any right to receive compensation in respect of criminal damage pursuant to the Criminal Damage (Compensation) (Northern Ireland) Order 1977 in respect of the Northern Irish Mortgages; and
- (B) all its right, title, interest and benefit (whether present or future) in relation to the Insurance Contracts including the right to receive the proceeds of any claim insofar only as they relate to such Mortgages but not insofar as they relate to any amount comprising Retained Pre-Closing Accruals and Arrears.

3.3 Each sale and purchase referred to in clauses 3.1 and 3.2 shall be completed as follows:

- (A) in the case of Properties in England or Wales or Northern Ireland which comprise land registered at the Land Registry or the Land Registry of Northern Ireland, as applicable (including any Property which is the subject of

- an application for first registration), by a transfer in the form of the Registered Land Transfer;
- (B) in the case of Properties in England or Wales or Northern Ireland which comprise land which is not registered at the Land Registry or the Land Registry of Northern Ireland, as applicable (excluding that which is the subject of an application for first registration), by a transfer in the form of the Unregistered Land Transfer; and
- (C) in the case of Properties in Scotland:
- (i) in respect of those Properties registered or in the course of registration in the Land Register of Scotland, by an assignation or assignations in the form of the SLR Transfer;
 - (ii) in respect of those Properties recorded or in the course of being recorded in the General Register of Sasines, by an assignation or assignations in the form of the Sasine Register Transfer; and
 - (iii) in all cases, by a declaration of trust in the form set out in Part A of Schedule 8, in the case of Scottish Mortgages originated by PML, and in the form set out in Part B of Schedule 8, in the case of Scottish Mortgages originated by MTL

provided always that neither the Issuer nor the Trustee shall be entitled to require the relevant Originator to execute and deliver any of the documents referred to in clause 3.3(A), 3.3(B) or 3.3(C)(i) or (ii) until after the occurrence of any of the events referred to in clauses 4.4.2(a) to (g) of the Administration Agreement or such other time as the parties may agree, or unless it is entitled to do so in accordance with clause 4.4.3 of the Administration Agreement.

Each Mortgagee acknowledges to the Issuer and the Trustee that, in consideration for the provision of funds for that purpose by or on behalf of the Issuer and/or Trustee, each Discretionary Further Advance and each Mandatory Further Advance made by or on behalf of and in the name of the Originator to a Borrower under and on the security of a Mortgage using such funds is at all times included in and forms part of the relevant Mortgage sold to the Issuer under clauses 3.1 and 3.2 of this Agreement and will be secured thereby and the relevant Originator acknowledges that it retains no right, title, interest or benefit (whether present or future) in any Discretionary Further Advance and/or each Mandatory Further Advance so funded.

- 3.4 If on or at any time after the relevant Purchase Date a Seller or Originator holds, or there is held to its order, or it receives, or there is received to its order (otherwise than following a repurchase under clause 8 or a re-assignment or retrocession under clause 9) any property, interest, right or benefit hereby agreed to be sold to the Issuer and/or the proceeds thereof, it undertakes with the Issuer that it will hold such property, interest, right or benefit and/or the proceeds thereof upon trust for the Issuer as the

beneficial owner thereof or as the Issuer may direct and in the case of proceeds shall forthwith pay such proceeds to the Issuer to be dealt with as provided herein. If on or at any time after the relevant Purchase Date the Issuer holds, or there is held to its order, or it receives, or there is received to its order, any property, interest, right or benefit which is repurchased by a Seller under clause 8 or re-assigned or retrocessed to a Seller under clause 9 or of which a Seller retains the benefit as expressly provided herein and/or the proceeds of any thereof, the Issuer undertakes that it will hold such property, interest, right or benefit and/or the proceeds thereof upon trust for the relevant Seller as beneficial owner thereof.

4. CONDITIONS TO FURTHER SALES

The parties to this Agreement agree that neither the Warehouse nor the Sellers will be entitled to, and that they will not, sell, and the Issuer will not be entitled to, and that it will not, purchase, any Non-Verified Mortgages unless each of the following conditions is satisfied on the relevant Purchase Date:

- (A) each of the Rating Agencies has confirmed in writing that the proposed purchase of Non-Verified Mortgages on such Purchase Date shall not adversely affect any of the then current ratings of the Notes;
- (B) each party which is selling a Non-Verified Mortgage and the Issuer shall have delivered to the Trustee on the relevant Purchase Date:-
 - (i) a solvency certificate dated the relevant Purchase Date and signed by a director of the relevant company in or substantially in the form set out in Schedule 10;
 - (ii) a certificate confirming that each of the Non-Verified Mortgages to be purchased on such Purchase Date was originated on the same Lending Guidelines as those which applied to similar Mortgages purchased on the Closing Date; and
 - (iii) a satisfactory audit of the Non-Verified Mortgages being purchased, in accordance with the relevant terms agreed at that time with the Rating Agencies;
- (C) no Enforcement Notice has been served;
- (D) if such purchase were completed, the maximum aggregate principal amount of all Arrears Mortgages purchased by the Issuer (whether at or after the Closing Date) (when aggregated with any other Arrears Mortgages previously purchased) is £10,000,000 at the time of purchase;
- (E) there not having occurred any Event of Default under (and as defined in) Condition 9 or any Termination Event under (and as defined in) the Administration Agreement which, in any such case, is continuing;

- (F) the Sellers have delivered to the Trustee, on the relevant Purchase Date, a certificate dated on the relevant Purchase Date confirming that the conditions set out in this clause 4 have been satisfied; and
- (G) the aggregate amount of Mandatory Further Advances which the lender is committed to make under the Non-Verified Mortgages which are to be purchased by the Issuer on the relevant Purchase Date shall not, when aggregated with:
- (i) the aggregate amount of all Discretionary Further Advances (other than by way of capitalisation of arrears) which have been made since the Closing Date or which are proposed to be made on or before the relevant Purchase Date;
 - (ii) the aggregate amount of all Mandatory Further Advances (other than in respect of Flexible Drawing Cash Advances) which have been made since the Closing Date or which are to be made on or before the relevant Purchase Date,
- which in the case of each of sub-paragraphs (i) and (ii) above, have been or are to be funded by the Issuer out of principal received or recovered or deemed to have been received or recovered in respect of the Mortgages and not out of the proceeds of any advance under the Subordinated Loan Agreement made or to be made for such purpose;
- (iii) the aggregate amount of all other Mandatory Further Advances (other than in respect of Flexible Drawing Cash Advances), in respect of Mortgages which the Issuer has purchased or will have purchased before the relevant Purchase Date, which are to be made after the relevant Purchase Date,
- exceed a combined aggregate cumulative limit of £160,056,411; and
- (H) the satisfaction of the conditions precedent, as applicable, which were required to be satisfied in respect of the purchase of the Original Mortgages at the Closing Date.

5. CONSIDERATION

- 5.1 The total consideration payable by PML for the PML Mortgages or MTS for the MTL Mortgages to the Warehouser for the sales by the Warehouser referred to in clauses 2.1 and 2.2 shall be the Warehouser Consideration payable as specified in this Agreement. In this Agreement "**Warehouser Consideration**" shall be a sum equal to:
- (i) the principal balances in respect of the Mortgages sold by the Warehouser as at such Purchase Date shown in the Annexures to the relevant English Sale Document pursuant to which such Mortgages are to be purchased on that Purchase Date or, as the case may be, shown in the Scottish Mortgages

Schedule to be delivered by the Sellers on the Closing Date, where such amount in the case of each such Mortgage is described as the "**Current Principal Balance**"; plus

- (ii) the amount of Accrued Arrears in respect of such Mortgages; plus
- (iii) the amount of interest and other sums accrued in respect of any period ending before the Closing Date under or in respect of such Mortgages which in each case have not fallen due for payment; plus
- (iv) the amount (if any) in respect of such Mortgages shown in such Annexures or, as the case may be, in the Scottish Mortgages Schedule and described as "**Unamortised Cashbacks and Discounts**"; but less
- (v) in respect of each Arrears Mortgage, the amount of any provision which has been made against the recovery of amounts due under that Arrears Mortgage as at the Closing Date,

and, for the avoidance of doubt, no consideration will be payable under this clause 5.1 in respect of the sale of the items referred to in clauses 2.2(A)(iv), 2.2(A)(v) and 2.2(B).

5.2 The total consideration payable by the Issuer to a Seller for the sale by that Seller of the Mortgages referred to in clauses 3.1 and 3.2 shall be the Issuer Initial Consideration and the Deferred Purchase Consideration each payable as specified in this Agreement. In this Agreement "**Issuer Initial Consideration**" shall be a sum equal to:

- (i) the principal balance in respect of the Mortgages sold by that Seller as at the relevant Purchase Date as shown in the Annexures to the relevant English Sale Document on such Purchase Date (or, as the case may be, in the Scottish Mortgages Schedule) where such amount in the case of each such Mortgage is described as the "**Current Principal Balance**"; plus
- (ii) the amounts (if any) in respect of such Mortgages shown in the Annexures or, as the case may be, in the Scottish Mortgages Schedule and described as "**Unamortised Cashbacks and Discounts**"; plus
- (iii) the aggregate of all Purchased Pre-Closing Accruals and Arrears in respect of such Mortgages which are Arrears Mortgages; but less
- (iv) in respect of each Arrears Mortgage, the amount of any provision which has been made against the recovery of amounts due under that Arrears Mortgage,

and, for the avoidance of doubt, no consideration will be payable under this clause 4.2 in respect of the sale of the items referred to in clauses 3.2(A)(iv), 3.2(A)(v) and 3.2(B).

6. OBLIGATIONS

6.1 Each Mortgagee severally undertakes with the Issuer and the Trustee that it will provide all reasonable co-operation to the Issuer and the Trustee during the term of this Agreement and without prejudice to the generality of the foregoing shall:

(A) upon reasonable notice and during normal office hours permit the Issuer and the Trustee and their authorised employees and agents and other persons nominated by either of them to review its files in relation to the Mortgages and any related books of account and records; and

(B) give promptly all such information, facilities and explanations relating to its business and any of the Mortgages and all other property, interest, right, benefit or obligation hereby agreed to be sold as any such person may reasonably request.

6.2 Prior to the relevant Purchase Date, no Mortgagee shall make any announcement in relation to any of the Mortgages, other than an adjustment of the rate or rates of interest on the Mortgages, without the prior approval of the Issuer and the Trustee (such approval not to be unreasonably withheld or delayed) of the terms of such announcement.

6.3 Without prejudice to the other provisions of this clause, prior to the relevant Purchase Date, the Issuer shall procure that the Administrator shall continue to administer the Mortgages on the same basis as for all other mortgages, Standard Securities and charges of a similar type administered by it.

6.4 On the Closing Date each Seller and the Warehouse shall each sell pursuant to clauses 2 and 3 (as the case may be) all the Mortgages comprised in the Provisional Mortgage Pool (other than those which have been redeemed in full prior to the Closing Date or which do not otherwise comply with the terms of this Agreement as at the Closing Date) together with other Mortgages complying with the terms of this Agreement as at the Closing Date.

7. COMPLETION

7.1 The sales and purchases referred to in clauses 2 and 3 shall be conditional on:

(A) the issue by the Issuer of the Notes and the drawing by the Issuer under the Subordinated Loan Agreement of the amounts referred to in clause 2.2 of the Subordinated Loan Agreement on the Closing Date;

(B) the Relevant Documents (other than the Transfers and the Scottish Sub-Securities) having been executed and delivered by the parties thereto on or before the Closing Date;

(C) the delivery by the Issuer, each Seller and the Warehouse of a solvency certificate dated the date of such purchase in or substantially in the form set out in Schedule 10, signed by an authorised officer of the relevant company;

- (D) in the case of the sale and purchase of the Original Mortgages and the Non-Verified Mortgages the delivery of the Warehouse Release.

Completion of the purchase of the Original Mortgages shall take place on the Closing Date immediately upon satisfaction of conditions (A), (B), (C) and (D) referred to in this clause 7.1, when the steps listed in clause 7.2 shall take place, each of which shall be deemed to take place simultaneously and simultaneously with the satisfaction of conditions (A), (B), (C) and (D) referred to in this clause 7.1, immediately following which the steps listed in clauses 7.5, 7.6 and 7.7 shall take place each of which shall be deemed to take place simultaneously and payment shall be made in accordance with clause 7.8.

- 7.2 On the Closing Date, the Warehouse shall deliver to PML in the case of the PML Mortgages and to MTS in the case of the MTL Mortgages:

- (A) the title deeds to the Properties in respect of the Original Mortgages;
- (B) the Original Mortgages;
- (C) its files relating to each of the Original Mortgages; and
- (D) one copy of the Scottish Mortgages Schedule, signed by the parties hereto for the purposes of identification,

and each of the Warehouse and PML and MTS shall deliver the Warehouse Release (as appropriate to effect a release of any security interest over the legal and beneficial interests therein).

The items referred to in (A), (B), (C) and (D) above shall be delivered on the Closing Date at the offices of PFPLC in Solihull or the Warehouse shall confirm to PML in the case of the PML Mortgages and MTS in the case of the MTL Mortgages in an agreed form of letter that following the Closing Date such items will be held by the Warehouse to the order of PML or MTS (as applicable) in the case of the PML Mortgages and MTS in the case of the MTL Mortgages. PML in the case of the PML Mortgages and MTS in the case of the MTL Mortgages agree that compliance with this provision shall constitute good delivery of the relevant documents for the purposes of this clause.

- 7.3 On each Further Purchase Date, the Warehouse shall deliver to PML in the case of the PML Mortgages and to MTS in the case of the MTL Mortgages:

- (A) the title deeds to the Properties in respect of the relevant Non-Verified Mortgages;
- (B) the Non-Verified Mortgages;
- (C) its files relating to each of the relevant Non-Verified Mortgages; and

- (D) one copy of each of the Non-Verified Mortgage Requests delivered pursuant to clauses 2.1 and 3.1,

and each of the Warehouse and PML and MTS shall deliver the Warehouse Release (as appropriate to effect a release of any security interest over the legal and beneficial interests therein).

- 7.4 The items referred to in (A), (B), (C) and (D) in clause 7.3 above shall be delivered on each further Purchase Date at the offices of PFPLC in Solihull or the Warehouse shall confirm to PML in the case of the PML Mortgages and MTS in the case of the MTL Mortgages in an agreed form of letter that following the Closing Date such items will be held by the Warehouse to the order of PML or MTS (as applicable) in the case of the PML Mortgages and MTS in the case of the MTL Mortgages. PML in the case of the PML Mortgages and MTS in the case of the MTL Mortgages agree that compliance with this provision shall constitute good delivery of the relevant documents for the purposes of this clause.
- 7.5 On each Purchase Date, subject to the Warehouse having performed its obligations under clause 7.2, in the case of the Original Mortgages and clause 7.3 in the case of the Non-Verified Mortgages, as the case may be, PML in the case of the PML Mortgages and MTS in the case of the MTL Mortgages shall procure the payment of the Warehouse Consideration payable to the Warehouse in accordance with clause 5.1 for value on the relevant Purchase Date.
- 7.6 On each Purchase Date, each Seller shall deliver or procure that there are delivered to the Issuer:
- (A) in the case of the Closing Date only, a duly executed power (in duplicate) in the form of the Power of Attorney;
 - (B) in the case of the Closing Date, a certified copy of each of the relevant Insurance Contracts set out in Schedule 1 and in the case of any other Purchase Date, a certificate stating that there has been no material change to the Insurance Contracts set out in Schedule 1 (or if there has been a material change, a certified copy of the relevant Insurance Contract);
 - (C) the documents referred to in clause 7.2 or clause 7.3 as the case may be;
 - (D) in the case of the Closing Date only, duly executed declarations of trust in favour of the Issuer in the form set out in Part A of Schedule 8, in the case of Scottish Mortgages originated by PML, and in the form set out in Part B of Schedule 8, in the case of Scottish Mortgages originated by MTL with the annexures thereto duly completed detailing all of the Scottish Mortgages sold to the Issuer and the collateral security relative thereto;
 - (E) the title deeds to the Properties in respect of the relevant Mortgages;
 - (F) the relevant Mortgages; and

(G) the files relating to each of the relevant Mortgages,

and, in the case of each Further Purchase Date, a copy of Non-Verified Mortgage Request delivered pursuant to clause 3.1,

and each Seller shall deliver the relevant Warehouse Release (as appropriate to effect a release of any security interest over the legal and beneficial interests therein).

The items referred to in (E), (F) and (G) above shall be delivered on the relevant Purchase Date at the offices of PFPLC in Solihull, or the relevant Seller shall confirm to the Issuer and the Trustee in an agreed form of letter that as of the relevant Purchase Date such items will be held by that Seller to the order of the Trustee. The Issuer agrees that compliance with this provision shall constitute good delivery of the relevant documents to the Issuer for the purposes of this clause.

- 7.7 On each Purchase Date, the Issuer shall deliver, or procure that there are delivered, to the Administrator powers of attorney duly executed by the Issuer and the Trustee in accordance with clause 9.1 of the Administration Agreement.
- 7.8 On the relevant Purchase Date, subject to each of the Warehouse and relevant Seller having satisfied and performed their respective obligations herein, the Issuer shall satisfy and discharge the Issuer Initial Consideration payable under clause 5.2. On each Interest Payment Date after the Closing Date the Issuer shall satisfy and discharge the Deferred Purchase Consideration payable to the relevant Seller under clause 5.2 in accordance with the applicable priority of payments.
- 7.9 Within ten days after the relevant Purchase Date, each Seller will lodge appropriate forms at Companies House (or the Companies Registry in Northern Ireland, if applicable) to register the satisfaction of the security effected by the Warehouse Release insofar as the same affects any Mortgage sold on the relevant Purchase Date.
- 7.10 Each Seller undertakes that it will use all reasonable efforts to obtain, as soon as practicable and in any event within six months after the relevant Purchase Date, details of the title numbers applicable to Properties in England or Wales or Northern Ireland comprising registered land or land which is the subject of an application for first registration, the English Mortgages or the Northern Irish Mortgages relating to which have been sold by it. Six months from the relevant Purchase Date each Seller shall report in writing to the Trustee such title numbers relating to the English Mortgages or Northern Irish Mortgages as are then known to it together with such other information relating thereto as the Trustee may reasonably request. If all such title numbers are not then known to that Seller and the Trustee, that Seller shall, within such period of time thereafter (not being less than two weeks) as the Trustee may specify to the relevant Seller, obtain details of the missing title numbers and report the same in writing to the Trustee. Where any of the Annexures contain details of Mortgages over registered land in England or Wales, the relevant Seller will identify (if so requested to do so by the Chief Land Registrar) the District Registry responsible for the area in which each of the Properties is situated.

8. WARRANTIES, REPRESENTATIONS AND UNDERTAKINGS

- 8.1 Each Seller acknowledges that the warranties and representations given or made by it and set out in this clause 8 are made with a view to inducing the Issuer and the Trustee to enter into this Agreement and to inducing the Issuer to purchase Mortgages pursuant to this Agreement and that the Issuer and the Trustee have entered into this Agreement in reliance thereon and have relied and will rely upon such warranties and representations notwithstanding any information in fact possessed or discoverable by the Issuer or the Trustee or otherwise disclosed to either of them.
- 8.2 Each Seller severally warrants and represents to each of the Issuer and the Trustee in the following terms as at each Purchase Date with respect to the Mortgages to be purchased from it by the Issuer on such Purchase Date by reference to the facts and circumstances existing immediately prior to the completion of the purchase of the relevant Mortgages by the Issuer in accordance with clause 7:
- (A) the particulars of each Mortgage set out in the Annexures to this Agreement or, as the case may be, the Scottish Mortgages Schedule are complete, true and accurate in all material respects;
 - (B) the relevant Originator was the mortgagee, chargee or heritable creditor under each Mortgage;
 - (C) subject to the completion of any registration or recording of the Mortgage which may be pending at the Land Registry or the Land Registry of Northern Ireland or the Registry of Deeds, Belfast or Registers of Scotland, each Mortgage is legally owned by the relevant Originator and (i) in the case of an English Mortgage registered at the Land Registry, since the date of registration of such Mortgage the relevant Originator has always been the registered proprietor and (ii) in the case of any Northern Irish Mortgage registered at the Land Registry of Northern Ireland, since the date of registration of such Mortgage the relevant Originator has always been the registered owner and in the case of any Northern Irish Mortgage registered at the Registry of Deeds, Belfast, since the date of registration of such Mortgage the relevant Originator has always been the registered owner, and (iii) in the case of any Scottish Mortgage, the relevant Originator has always been the *registered or recorded heritable creditor under the relevant Standard Security* at Registers of Scotland since the date of registration or recording of such Standard Security;
 - (D) the relevant Seller is the beneficial owner of each Mortgage;
 - (E) subject to the completion of any registration or recording of the Mortgage which may be pending at the Land Registry or Registers of Scotland or the Land Registry of Northern Ireland or the Registry of Deeds, Belfast, each Mortgage constitutes the valid and binding obligation of the Borrower;

- (F) subject to the completion of any registration or recording of the Mortgage which may be pending at the Land Registry or Registers of Scotland or the Land Registry of Northern Ireland or the Registry of Deeds, Belfast, each Mortgage constitutes a valid and subsisting legal mortgage or (in relation to the Scottish Mortgages) Standard Security or (in relation to the Northern Irish Mortgages) fixed charge or mortgage over the relevant Property which is either:
- (i) a first legal mortgage or Standard Security or fixed charge or mortgage; or
 - (ii) 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;
- (G) the Mortgages and the other estates and interests sold by the relevant Seller under this Agreement are free and clear of all mortgages, securities, charges, liens, encumbrances, diligences, claims and equities but subject:
- (i) to the terms of this Agreement; and
 - (ii) in the case of the Mortgages registration or recording of which is pending at the Land Registry or Registers of Scotland or the Land Registry of Northern Ireland or the Registry of Deeds, Belfast, to the completion of such registration or recording;
- (H) each Mortgage is secured on a freehold, heritable or leasehold residential property which is situated in England or Wales or in Scotland or Northern Ireland;
- (I) where any Property is used in part for commercial purposes, no structural alterations will be required in order to convert the relevant Property to wholly residential use;
- (J) each of the Properties is ready for occupation by a tenant, in the case of an Investment Home Mortgage;
- (K) all steps necessary with a view to perfecting the relevant Originator's title to each Mortgage were duly taken at the appropriate time or are in the process of being taken without undue delay on its part or on the part of those within its control;
- (L) no lien or right of set-off (or analogous right) or counterclaim or compensation has been created or arisen or now exists between a Mortgagee and any Borrower which would entitle such Borrower to reduce the amount of any payment otherwise due under a Mortgage;
- (M) prior to making the initial advance to a Borrower:

- (i) the relevant Originator received from solicitors or licensed or qualified conveyancers acting for it a report on title or certificate of title to the relevant Property (the benefit of which is available to the owner for the time being of the relevant Mortgage) which either initially or after further investigation disclosed nothing which would cause a reasonably prudent lender to decline to proceed with the initial advance on the proposed terms; or
 - (ii) where the mortgage loan made in relation to a Property is secured by a Mortgage which was made without there being a contemporaneous purchase of such Property by the Borrower, the relevant Originator carried out such written searches and investigations of title to the Property which a reasonably prudent mortgage lender would carry out in relation to the remortgaging of a property, which searches and investigations either initially or on further investigation disclosed nothing which would cause a reasonably prudent mortgage lender to decline to proceed with the initial advance on the proposed terms;
- (N) no Discretionary Further Advance or Mandatory Further Advance was made by any Mortgagee in circumstances where the Mortgagee had notice of a prior ranking second mortgage, charge or Standard Security or other charge existing over the relevant Property at the time of making such advance and which is still subsisting, except in circumstances where priority for the Discretionary Further Advance or the Mandatory Further Advance was obtained or has subsequently been obtained;
- (O) prior to taking a Mortgage, a valuation no higher than the open market value of the relevant Property was undertaken on behalf of the relevant Originator by a valuer approved by that Originator (being a fellow or associate of the Royal Institution of Chartered Surveyors or the Incorporated Society of Valuers and Auctioneers) which either initially or after further investigation disclosed nothing which would cause a reasonably prudent mortgage lender to decline to proceed with taking the mortgage or charge on the proposed terms;
- (P) at the date of its advance the principal amount advanced under each Investment Home Mortgage (including the amount of any further advance requested by a Borrower and actually advanced under that Mortgage) together with any Mandatory Further Advances due to be made under that Mortgage (excluding any insurance premium and fees or other amounts added to the advance) was not more than 85 per cent. of the lower of (a) the valuation of the relevant Property for security purposes in the opinion of a valuer approved by the relevant Originator and (b) the purchase price of the relevant Property;
- (Q) the Originators require solicitors to clarify where any contraventions of current planning and/or housing legislation affects the security and the relevant Originator will take appropriate action in such cases;

- (R) it being accepted for the avoidance of doubt that the procedures set out in the Administration Manual comprise such investigations, searches and other actions as would be carried out by a reasonably prudent lender at the time of the advance, prior to making the initial advance on a Mortgage the relevant Originator carried out all investigations, searches and other actions and made such enquiries as to the Borrower's status and obtained such consents (if any) as would a reasonably prudent lender and nothing which would cause such a lender to decline to proceed with the initial advance or to agree at that time to make any Discretionary Further Advances or Mandatory Further Advance on the proposed terms was disclosed;
- (S) subject to registration or recording at the Land Registry or Registers of Scotland or the Land Registry of Northern Ireland or the Registry of Deeds, Belfast where required, at the date of the Mortgage each Property was held by the Borrower free from any encumbrance which would materially adversely affect either the title to the Property or the value of the Property for security purposes set out in any valuation report carried out for the relevant Originator;
- (T) in the case of English Mortgages, if the Property is not registered at the Land Registry and is not required to be registered, the relevant Borrower has a good and marketable title to the fee simple absolute in possession or a term of years absolute in the relevant Property or, if the Property is registered or is unregistered but is subject to first registration at the Land Registry, it has been registered or is in the course of registration with title absolute, in the case of freehold property, or absolute or good leasehold title, in the case of leasehold property and, in the case of Scottish Mortgages, subject to completion of any pending registration or recording, the relevant Borrower has a valid and marketable heritable or long leasehold title to the relevant Property and without exclusion of indemnity in the case of titles registered in the Land Register of Scotland, and, in the case of Northern Irish Mortgages, the Borrower has in the Property a good and marketable title, and if the Property is not registered and is not required to be registered, it is comprised in either a fee simple absolute (if freehold) or a term of years (if leasehold) of not less than 30 years beyond the term of the Mortgage relating to such Property and is free from any encumbrance which would affect such title, and if the Property is registered (or is unregistered but is subject to first registration at the Land Registry of Northern Ireland), it has been registered with title absolute (if freehold) or good leasehold estate title of the requisite term (if leasehold) or is in the process of being so registered;
- (U) in relation to each English Mortgage title to the Property (not being a Property comprised in a newly granted lease) that was, at the time the initial advance was made, registered, an application for registration was (or will be) delivered to the Land Registry within the priority period conferred by an official search

protecting the relevant Originator's relevant title and that official search at the Land Registry disclosed nothing adverse to that Originator's security;

- (V) in relation to each English Mortgage title to the Property (not being a Property comprised in a newly granted lease) that was, at the time the initial advance was made, unregistered, such Mortgage was completed within the priority period conferred by an official search at the Land Charges Department against all relevant estate owners and that official search disclosed nothing adverse to the relevant Originator's security and where the Mortgage was completed after 31 March, 1998 an application was (or will be) made for first registration of the title within two months of completion of such Mortgage;
- (W) in relation to each English Mortgage title to the Property that was comprised in a newly granted lease:
 - (i) where the lessor's title is registered, an application for registration was (or will be) delivered to the Land Registry within the priority period conferred by an official search protecting the relevant Originator's security and that official search disclosed nothing adverse to that Originator's security; or
 - (ii) where the lessor's title is unregistered, such Mortgage was completed within the priority period conferred by an official search at the Land Charges Department against all relevant estate owners and that official search disclosed nothing adverse to that Originator's security and application was (or will be) made for first registration within two months of completion of the relevant acquisition by the Borrower;
- (X) in relation to each Mortgage where registration or recording is pending at the Land Registry or Registers of Scotland or the Land Registry of Northern Ireland or the Registry of Deeds, Belfast, the relevant Originator has an absolute right subject to this Agreement to be registered or recorded as proprietor, owner or heritable creditor of the Mortgage of the relevant Property and there is no caution, notice or other entry adverse to such registration or recording of which it is aware;
- (Y) prior to making each initial advance or Discretionary Further Advance, the Lending Guidelines were satisfied so far as applicable (having regard to any further advance which could fall to be made) subject to such waivers as might be within the discretion of a reasonably prudent lender;
- (Z) each advance has been made in all material respects on the terms of the Mortgage Documentation current at the date of the advance and such documents have not been subsequently varied in any material respect (and, for the avoidance of doubt, any such variation which had the effect of restricting the ability of the relevant Originator to set the interest rate applicable to any Standard Mortgage to an extent to which it was not restricted as a result of the

relevant Mortgage Documentation current at the date of the advance, other than to the extent that any such variation has resulted from the conversion of such Mortgage into a Fixed Rate Mortgage, a Capped Rate Mortgage, a LIBOR-Linked Mortgage, Base Rate Tracker Mortgage or a Mortgage under which the interest rate is set at a fixed margin below the interest rate which would be charged on the outstanding balance under that Mortgage if it was a Standard Mortgage (or any combination of the foregoing), shall be deemed to be material);

- (AA) the relevant Borrower's consent is not required for the transfer or assignment of any Mortgage;
- (BB) interest is charged on each Mortgage at such rate as may be from time to time determined in accordance with the provisions of the Mortgage Conditions and the interest rate on each such Mortgage is not in any event adjusted by reference to the principal amount due thereunder save that default interest may have been charged on amounts in arrears, and interest on each such Mortgage is payable monthly in arrear on the last business day of each calendar month or on such other date as may have been, or is, agreed with the relevant Borrower from time to time;
- (CC) as at the relevant Purchase Date, the maximum aggregate principal amount of all Arrears Mortgages which may be purchased by the Issuer is £10,000,000;
- (DD) other than in the case of an Arrears Mortgage or Mortgage on a Property where the Borrower has been written to in respect of an unauthorised letting, there are no outstanding claims in respect of any material breaches of the terms of any Mortgage;
- (EE) the relevant Originator took at the date of completion of each Mortgage all reasonable steps to ensure that any Property which was not insured under the Block Buildings Policies maintained by it was insured under a policy with an insurance company against all risks usually covered by a comprehensive insurance policy to an amount not less than the full reinstatement value determined by the valuer acting for it and that it was either a named insured or its interest was noted by the insurers;
- (FF) no Mortgage is or will be repayable later than 8 May 2039;
- (GG) in the case of an English Mortgage or a Northern Irish Mortgage which is an Individual Mortgage other than relative to a Property let by a Borrower, prior to making the initial advance the relevant Originator enquired of each Borrower as to the identity of persons in actual occupation of the Property and any person who at the date when the initial advance was made had attained the age of 18 and who was identified in writing to that Originator or the solicitor or licensed conveyancer acting for it by the Borrower as residing or being about to reside in the relevant Property is either named as a joint Borrower or

- is a tenant under an Assured Shorthold Tenancy or has signed a letter of consent in the form of the relevant part of the Mortgage Documentation or in such other form as was satisfactory to the solicitor or licensed conveyancer acting, declaring that he or she will assert no right to any overriding interest by occupation adverse to that Originator's rights under the relevant Individual Mortgage and, in the case of a Scottish Mortgage which is an Individual Mortgage sold by it prior to making the initial advance, the relevant Originator obtained all relevant MHA Documentation and other documents so as to ensure that neither the relevant Scottish Mortgage nor the relevant Property is subject to or affected by any statutory or other right of occupancy (other than that of a tenant under a Short Assured Tenancy);
- (HH) since the creation of each Mortgage full and proper accounts, correspondence files, books and records showing all transactions, payments, receipts, proceedings and notices relating to that Mortgage have been kept and all such accounts, books and records are up to date and in the possession of the Mortgagees or held to their order;
- (II) no Mortgagee has received written notice of any claim calling into question in any material way its title to any Mortgage;
- (JJ) where a Property is subject to a second or subsequent mortgage, Standard Security or charge which is not a Mortgage the Mortgage has priority for the full amount of the initial principal advance and any Discretionary Further Advance or Mandatory Further Advance made or to be made together with interest and costs owed under it;
- (KK) all the title deeds to the Properties and the Mortgages are held by or to the order of the Mortgagees or have been lodged by the Mortgagees at the Land Registry or the Land Registry of Northern Ireland or the Registry of Deeds, Belfast or Registers of Scotland;
- (LL) in the case of Individual Mortgages only, no Borrower is a current employee of a Mortgagee and each Borrower of an Individual Mortgage purchased pursuant to this Agreement is an individual;
- (MM) where the obligations of a Borrower in relation to a Mortgage are guaranteed, no Discretionary Further Advance (other than capitalisation of accrued interest not amounting to a further advance) has been made in relation to any such Mortgage without the prior unconditional written consent of the relevant guarantor or surety in respect of such Mortgage;
- (NN) other than in the case of any Arrears Mortgage or any Mortgage on a Property where the Borrower has been written to in respect of an unauthorised letting, no Mortgagee has knowingly waived or acquiesced in any breach of any of its rights under or in relation to a Mortgage other than such waivers as a

- reasonably prudent lender might make in accordance with the guidance set out in the Administration Manual;
- (OO) no agreement for any Individual Mortgage is in whole or in part a regulated agreement or a consumer credit agreement (as defined in Section 8 of the Consumer Credit Act 1974) or, to the extent that any such Individual Mortgage is in whole or in part a regulated agreement or consumer credit agreement, the procedures and requirements set out in the Consumer Credit Act 1974 have been complied with in all material respects;
 - (PP) the relevant Originator made the initial advance and each further advance in respect of each Mortgage;
 - (QQ) for so long as there is a breach of the applicable Mortgage Conditions no Mortgage will require the making of any Mandatory Further Advance;
 - (RR) in relation to any Mortgage where the obligations of the Borrower are guaranteed by a guarantor, each guarantee or surety obligation in respect of such Mortgage constitutes a valid and binding obligation of such guarantor and, in the case of Individual Mortgages only, such guarantee was effected by a separate deed in conformity with the Mortgage Documentation and no Mortgagee has received notice of termination of such guarantee from the guarantor and the benefit of the guarantee may be assigned to the Issuer and charged by the Issuer to the Trustee;
 - (SS) otherwise than in accordance with the practice of a reasonably prudent mortgage lender, there has been no capitalisation in the last twelve months of any payment (whether of principal, interest or fees), unpaid within 14 days of its due date for payment pursuant to the terms of any of the Mortgages;
 - (TT) there is no obligation on the part of the Mortgagee of a Mortgage to make any further advances except in accordance with the relevant Mortgage Conditions;
 - (UU) the first payment due in respect of each Mortgage has fallen due and has been received in full;
 - (VV) in the case of each Corporate Mortgage that is a PML Mortgage,
 - (i) the Borrower has granted a floating charge over its assets in favour of the relevant Originator as security for its obligations to that Originator;
 - (ii) each director of the Borrower has executed a guarantee of the amounts due under the Mortgage in favour of the relevant Originator save where in the opinion of that Originator a guarantee from that director would not add materially to the value of the security held by that Originator for the loans comprised in the Corporate Mortgage; and

- (iii) the prescribed particulars of the Corporate Mortgage and the floating charge referred to in paragraph (i) above together with the instrument by which they were created were or will be delivered to the Registrar of Companies for registration within 21 days after their creation in accordance with section 395 (or, as applicable, section 410) of the Companies Act 1985 and a certificate of registration has been or will be received in respect of each of them;
- and in the case of each Corporate Mortgage that is a MTL Mortgage, paragraph (ii) above applies;
- (WW) in the case of Corporate Mortgages only, each Borrower is a private company incorporated with limited liability in England and Wales or Northern Ireland or Scotland;
- (XX) in the case of Corporate Mortgages only, no Mortgagee has received written notice of any steps having been taken for the liquidation or winding-up of, or the making of an administration order in relation to, any Borrower or of any steps having been taken to enforce any security over the assets of any Borrower;
- (YY) in the case of Corporate Mortgages only, prior to making the initial advance to any Borrower, a search was conducted at Companies House in relation to the Borrower, (or at the Registry of Companies in Northern Ireland where the Borrower is a Northern Ireland company) which revealed that no notices of appointment of a liquidator, administrator, administrative receiver or receiver had been filed and that no resolution had been passed to wind up the Borrower and the solicitor acting for the relevant Originator satisfied himself that:
- (a) a meeting of the board of directors of the Borrower had resolved to approve the Corporate Mortgage and authorised a designated person or persons to sign all relevant documentation;
- (b) such meeting was duly convened and quorate in accordance with the Borrower's articles of association; and
- (c) in entering into and permitting the transactions contemplated by the Corporate Mortgage, the Borrower would be acting *intra vires* and not in conflict with its constitutional documents;
- (ZZ) in the case of Corporate Mortgages only, if the search referred to in clause 8.2(YY) revealed any floating charge over the property and assets of the Borrower, each person in whose favour such a charge has been created and whose consent was required in respect of the creation of the Corporate Mortgage gave such consent and delivered a letter confirming that such floating charge had not crystallised as at the date of completion of the Corporate Mortgage;

- (AAA) in the case of Corporate Mortgages only, no guarantor of the obligation of any Borrower is a current employee of a Mortgagee;
- (BBB) the Insurance Contracts as set out in Schedule 1 will apply to each of the Mortgages and to the extent that they apply to such Mortgages the Issuer will have the benefit of each such Insurance Contract and, as between the assignor and the assignee, any assignment or transfer of the rights and benefits under each such Insurance Contract by the Issuer to the Trustee will be valid and binding without notification to, or request for consent from, the relevant insurer;
- (CCC) so far as each Originator is aware, no term of any Individual Mortgage to which the Unfair Terms in Consumer Contract Regulations 1994 or 1999 apply is an unfair term for the purposes of such regulations,
- (DDD) in relation to each Northern Irish Mortgage title to the Property (not being a Property comprised in a newly granted lease) that was, at the time the initial advance was made, registered, an application for registration was (or will be) delivered to the Land Registry of Northern Ireland within the priority period conferred by an official priority search protecting the relevant Originator's relevant title and that official search at the Land Registry of Northern Ireland disclosed nothing adverse to that Originator's security;
- (EEE) in relation to each Northern Irish Mortgage title to the Property (not being a Property comprised in a newly granted lease) that was, at the time the initial advance was made, unregistered, such Mortgage was completed pursuant to a search at the Registry of Deeds, Belfast against all relevant estate owners and that search disclosed nothing adverse to the relevant Originator's security and, where such unregistered Property is subject to first registration, an application for registration of the Borrower's title and of the Mortgage was delivered to the Land Registry of Northern Ireland within three months from the date of the dealing giving rise to first registration in accordance with Rule 11(1) of the Land Registration Rules (NI) 1994 and the Land Registry of Northern Ireland has acknowledged receipt of such application;
- (FFF) in relation to each Northern Irish Mortgage title to the Property that was comprised in a newly granted lease:
- (i) where the lessor's title is registered, an application for registration was (or will be) delivered to the Land Registry of Northern Ireland within the priority period conferred by an official priority search protecting the relevant Originator's security and that official search disclosed nothing adverse to that Originator's security; or
 - (ii) where the lessor's title is unregistered, such Mortgage was completed pursuant to a search at the Registry of Deeds, Belfast against all relevant estate owners and that official search disclosed nothing adverse to that

Originator's security and application was (or will be) made for first registration within three months of completion of the date of such newly granted lease;

- (GGG) each Borrower of a Flexible Mortgage is obliged to make a minimum monthly payment unless the relevant Originator or Administrator has agreed otherwise with the Borrower.

provided always that:

- (a) none of the above representations or warranties is (or shall be treated or deemed to be) in respect of the future credit-worthiness of any Borrower;
- (b) without prejudice to clause 8.2(CCC), each Seller does not, and nothing herein shall be taken to imply that each Seller does, expressly or impliedly represent or warrant that as at the relevant Purchase Date no term of any Mortgage is incapable of being found by a court of competent jurisdiction or considered by the Office of Fair Trading to be an unfair term for the purposes of the Unfair Terms in Consumer Contracts Regulations 1994 or 1999 or that any pre-payment charge relating to a redemption of a Mortgage is enforceable; and
- (c) notwithstanding anything to the contrary in any of the Relevant Documents the representations and warranties given in this clause 8.2 shall only be given, in relation to the sale and purchase of the Original Mortgages, on the Closing Date or, in relation to the sale and purchase of the Non-Verified Mortgages, on the Further Purchase Date in respect thereof, by reference to the facts and circumstances existing immediately prior to the completion of such purchase by the Issuer on such date and shall not be, or be deemed to be, given or repeated at any other time whatsoever.

8.3 Each Seller warrants and represents to the Issuer and the Trustee that as at the date hereof the Offering Circular contains all information with regard to it and its business, the Mortgages, the Properties, the Lending Guidelines, and the Insurance Contracts which is material in the context of the issue of the Notes and that such information is true and accurate in all material respects and is not misleading in any material respect, that the opinions and intentions expressed therein relating to it and its business, the Mortgages, the Properties, the Lending Guidelines, and the Insurance Contracts are honestly held, that there are no other facts the omission of which would make any of such information or the expression of any such opinions or intentions misleading in any material respect and that each Seller has made all reasonable enquiries to ascertain all facts material for the purposes aforesaid.

8.4 Each Seller confirms, for the avoidance of doubt, that if, after the relevant Purchase Date, any Mortgage in respect of which it has given warranties pursuant to clause 8.2

is converted into any other type of Mortgage in accordance with the Administration Agreement, such conversion shall not by itself affect the warranties already given as aforesaid but such warranties shall not be, or be deemed to be, given or repeated at the time of such conversion and the accuracy (or otherwise) of such warranties shall only be measured by reference to the facts and circumstances existing at the date on which such warranties were given. This confirmation is only given in respect of the Mortgages (if any) converted as aforesaid and not in respect of any other Mortgage (unless such other Mortgage is also so converted, in which case the said confirmation shall apply to such other Mortgage in the same terms as the preceding sentence, *mutatis mutandis*).

- 8.5 Each Mortgagee severally undertakes in respect of each Mortgage sold by it that it will proceed with all due diligence to do and complete all such acts and things, and to execute any necessary deeds and documents, as may be requested by the Issuer and/or the Trustee to perfect the title of the Issuer to the relevant Mortgage and the other benefits and rights agreed to be sold hereunder, subject to clause 4.4 of the Administration Agreement.
- 8.6 In the event that:
- (A) there is as at the relevant Purchase Date a material breach of any of the representations and warranties of a Seller contained in clause 8.2 (other than sub-clause (CCC) thereof to which the provisions of clause 14(D) will apply) in respect of or concerning any Mortgage which (being capable of being remedied) the relevant Seller shall fail to remedy within 28 days (or such longer period not exceeding 35 days as the Issuer and the Trustee may agree) of receipt of written notice of such breach from the Issuer or the Trustee, or which is not capable of being remedied;
 - (B) had the references in the representations and warranties given by the Seller as at the relevant Purchase Date in clause 8.2(LL) and clause 8.2(NN) to "Mortgagee" or "Mortgagees" been references instead to PFPLC or MTS in their capacity as Administrator (*mutatis mutandis*), there would have been as at the relevant Purchase Date a material breach ("deemed breach") of such representations and warranties as at the relevant Purchase Date in respect of or concerning any Mortgage and either the relevant Seller shall have failed to remedy such deemed breach (if capable of being remedied) within 28 days (or such longer period not exceeding 35 days as the Issuer and the Trustee may agree) of receipt of written notice of such deemed breach from the Issuer or the Trustee or such deemed breach shall not be capable of being remedied;
 - (C) a term of any Individual Mortgage is at any time on or after the Closing Date found by a competent court whether on the application of a Borrower, the Office of Fair Trading or otherwise to be an unfair term for the purposes of the Unfair Terms in Consumer Contracts Regulations 1994 or 1999; or

- (D) any pre-payment charge relating to a redemption of a Mortgage is at any time on or after the Closing Date found by a competent court whether on the application of a Borrower or otherwise to be unenforceable against the Borrower upon redemption of such Mortgage and the relevant Seller does not, by not later than 7 days after the expiry of the 28 days (or other longer) notice period referred to in clause 8.8, pay an amount equal to such pre-payment charge to the Issuer for application in accordance with clause 6.4.2 of the Administration Agreement as if such amount were a Waived Prepayment Charge Amount,

the Issuer shall sell and the relevant Seller shall repurchase or procure the repurchase of the Mortgage concerned (whether or not such Mortgage in fact exists or is valid and binding and/or enforceable) ("**the Relevant Mortgage**" which expression shall, where the context so admits, include any other Mortgage secured upon the Property) together with (if applicable) the benefit of the Insurance Contracts to the extent they relate to the Relevant Mortgage and if applicable the benefit of any Cap Agreement (and any Cap Guarantee) and any Basis Hedge Agreement to the extent that it relates thereto.

- 8.7 If at any time a Seller is obliged to repurchase, or procure the repurchase of, a Mortgage pursuant to clause 8.6 and such Mortgage is in respect of a Property which is also subject to a second mortgage, charge or Standard Security which also constitutes a Mortgage (the "**Relevant Second Mortgage**"), then, that Seller will also at the same time be obliged to repurchase or procure the repurchase of, the Relevant Second Mortgage as though there had also been a breach of warranty in respect of the Relevant Second Mortgage (whether or not there has in fact been a breach of warranty in respect of the Relevant Second Mortgage). In such circumstances, references in this clause 7 to the Relevant Mortgage shall be read and construed as references to both the Relevant Mortgage (as defined above) and the Relevant Second Mortgage.
- 8.8 Completion of any repurchase pursuant to clause 8.6 shall take place not later than 10 days after the expiry of such 28 day (or other longer) notice period as is referred to in sub-clauses (A), (B) or (D) of clause 8.6 or, if the relevant breach referred to in sub-clause (A) of clause 8.6 is not capable of remedy or if the repurchase is a result of the circumstance in sub-clause (C) of clause 8.6, after receipt by the relevant Seller of written notice of such breach or circumstance from the Issuer or the Trustee, when that Seller shall pay into the Transaction Account or as the Trustee shall direct an amount equal to the aggregate of the outstanding principal amount of the Relevant Mortgage as at the date of the repurchase of the Relevant Mortgage together with interest accrued from the relevant Purchase Date (but which has not been paid) and costs up to (but excluding) the date of completion of the repurchase of the Relevant Mortgage.
- 8.9 Against payment and/or, as the case may be, transfer on completion of any repurchase pursuant to clause 8.6, the Issuer and the Trustee shall at the expense of the relevant Seller complete such documentation as is necessary to perfect a release of their respective interests in the Relevant Mortgage and its collateral security (including the

benefit of the Insurance Contracts) to the extent they relate to the Relevant Mortgage and, if applicable, such Cap Agreement (and any Cap Guarantee) or such Basis Hedge Agreement to the extent that it relates to the Relevant Mortgage. The Issuer and the Trustee hereby confirm that the powers of attorney set out in Schedules 5 and 6 of the Administration Agreement, as applicable, (once executed) shall subsist to the extent applicable in relation to Relevant Mortgages and (if applicable) the benefit of a Cap Agreement (and any Cap Guarantee) or a Basis Hedge Agreement which the relevant Seller has repurchased notwithstanding the termination of PFPLC's and/or MTS's appointment as Administrator under that agreement and the Trustee shall in addition to the said power of attorney give such further or other authority as may be reasonably requested by that Seller for the purpose of releasing its interest in the Relevant Mortgage and (if applicable) the benefit of a Cap Agreement and Cap Guarantee or a Basis Hedge Agreement which that Seller has repurchased. Any such repurchase by the relevant Seller or any person which that Seller shall nominate shall constitute a full discharge and release from any claims which the Issuer or the Trustee may have against it arising from any breach of representation or warranty in relation to the Relevant Mortgage only and shall not affect any rights arising from a breach of representation or warranty in relation to any other Mortgage.

8.10 Each Seller and each Originator hereby undertakes severally with the Issuer and the Trustee:

- (A) if and for so long as it has an interest in a Mortgage (not being a Mortgage that has been repurchased pursuant to clause 8.6) by virtue of its remaining the legal or beneficial owner or heritable creditor of such Mortgage, it shall not sell, transfer, charge, dispose of or otherwise deal with such interest save in the event of redemption in full by the relevant Borrower and it shall not consent to the creation of any mortgage, Standard Security, charge or other security interest in or over the relevant Property without using its reasonable endeavours to ensure that such mortgage, Standard Security, charge or other security interest and all sums secured thereby will rank after such Mortgage in point of priority;
- (B) that, in respect of any Mandatory Further Advance or any Discretionary Further Advance other than of the kind referred to in clause 8.2.3 of the Administration Agreement to be made after the date hereof, it shall not waive the Lending Guidelines other than in respect of any waiver which may have been made by a reasonably prudent mortgage lender;
- (C) promptly to notify them if it receives after the date hereof written notice of any litigation or claim calling into question in any material way the title to any such Mortgage or if it becomes aware of any material breach of any of its representations, warranties, undertakings and other obligations under this Agreement;

- (D) if reasonably required so to do by the Issuer or the Trustee, to participate or join in and to procure that any other Mortgagee participates and joins in any legal proceedings to the extent necessary in defending or contesting any litigation calling into question in any material way the title to any such Mortgage or in any legal proceedings against the Borrower or in relation to the enforcement of any Mortgage;
- (E) if reasonably required so to do by the Issuer or the Trustee, to pursue all claims against the Land Registry under the Land Registration Act 2002 or against Registers of Scotland under the Land Registration (Scotland) Act 1979 or against the Land Registry of Northern Ireland under the Land Registration Act (Northern Ireland) 1970 with respect to any such Mortgage and to account promptly to the Issuer for any amounts recovered by it pursuant to any such claim; and
- (F) to maintain its registered office in England and Wales.

9. **RE-ASSIGNMENT OF RIGHTS OF THE ISSUER**

If a Seller makes any full payment (not involving a repurchase under clause 8.6) to the Issuer pursuant to any claim made in relation to any representation, warranty or undertaking set out in clause 8, the Issuer and the Trustee shall at the expense of that Seller re-assign or retrocess to it all such rights as it may reasonably request against any third party which may enable it to recover all or part of any such payment. If a Seller pays to the Issuer or the Trustee an amount in respect of any claim under this Agreement and the Issuer or the Trustee subsequently recovers from a third party any sum in respect of the liability for such claim, the Issuer and the Trustee shall forthwith repay to it so much of the amount paid by it as does not exceed the sum recovered from the third party less all reasonable costs, charges and expenses incurred by the Issuer or the Trustee in recovering that sum from the third party.

10. **MERGER**

Any term of this Agreement to which effect is not given on a Purchase Date (including in particular the liability of each Seller under the representations, warranties and undertakings contained in clause 8) shall not merge and shall remain in full force and effect notwithstanding the completion and delivery of the Transfers.

11. **NO AGENCY OR PARTNERSHIP**

Nothing in this Agreement shall be construed as giving rise to any relationship of agency or partnership between any of the parties and in fulfilling its obligations hereunder, each party shall be acting entirely for its own account.

12. PAYMENTS

All payments to be made pursuant to this Agreement shall be made in sterling in immediately available funds and shall be deemed to be made when they are received by the payee.

13. TAXATION

All payments made by the Issuer under this Agreement shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature unless such withholding or deduction is required by applicable law. In that event the Issuer shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. The Issuer will not be obliged to make any additional payments to any Seller or any assignee under clause 18 of this Agreement.

14. LIABILITY

The Issuer and the Trustee severally acknowledge to each Seller and agree that:

- (A) no breach of any of the representations and warranties in, nor any act or omission in respect of, the provisions of clause 8.2 shall give rise to any claim for damages on the part of the Issuer or the Trustee against the relevant Seller or any remedy whatsoever against any Mortgagee and the sole remedy of each of the Issuer and the Trustee in respect thereof (with the exception of the representation and warranty in clause 8.2(CCC) to which the provisions of sub-clause (D) below will apply) shall be to take such action under clause 8.6 as may be available to it and that no breach of, nor any act or omission in respect of, any warranty or representation other than those representations and warranties contained in clause 8.2 (but not sub-clause (CCC) thereof) shall entitle the Issuer or the Trustee to require that Seller to repurchase any Mortgage in accordance with clause 8.6 or otherwise provided that this sub-clause (A) shall not limit the remedies available to the Issuer and/or the Trustee (or the exercise thereof) against that Seller if it, having become bound to repurchase a Mortgage in accordance with clause 8.6, fails to do so;
- (B) subject and without prejudice to sub-clause (A), no Mortgagee shall have any liability or responsibility (whether, in either case, contractual, tortious or delictual, express or implied) for any loss or damage for or in respect of any breach of, or any act or omission in respect of, any of the obligations on the part of the Borrower under any Mortgage suffered by the Issuer or the Trustee by reason of such breach, act or omission;
- (C) if, after the Closing Date, the terms of any Mortgage are varied or waived in any way with the consent of the Issuer and the Trustee (which shall include but not be limited to any rescheduling of the amounts secured by such Mortgage or renegotiation of such terms), the Issuer and the Trustee shall be

subject to, and bound by, such variation or waiver and the relevant Seller shall not have any obligation therefor or be in any way affected thereby; and

- (D) except in the case of fraud, no breach of the representation and warranty in, *nor any act or omission in respect of, the provisions of clause 8.2(CCC)* shall give rise to any claim for damages on the part of the Issuer or the Trustee or any other person against the relevant Seller or any right of action or remedy whatsoever against any Mortgagee and no breach of, nor any act or omission in respect of, the representation and warranty in clause 8.2(CCC) shall entitle the Issuer or the Trustee or any other person to require that Seller to repurchase any Mortgage in accordance with clause 8.6 or otherwise to any remedy against any Mortgagee or any other person but this clause 13(D) is without prejudice to any obligation each Seller may have to repurchase any Individual Mortgage under clause 8.6 (C).

15. **FURTHER ASSURANCE**

The parties hereto agree that they will co-operate fully to do all such further acts and things and execute any further documents as may be necessary or desirable to give full effect to the arrangements contemplated by this Agreement.

16. **WAIVER**

Any exercise or failure to exercise any right under this Agreement shall not (unless otherwise herein provided) constitute a waiver of that or any other right.

17. **NOTICES**

Any notices to be given pursuant to this Agreement shall be sufficiently served if delivered by hand or sent by prepaid first-class post or by telex or facsimile or email transmission and shall be deemed to be given upon receipt and shall be delivered or sent:

- (A) in the case of a party to this Agreement other than the Trustee to St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (facsimile number: 0121 712 2072, email address: Company_Secretary@Paragon-group.co.uk) marked for the attention of: The Company Secretary;
- (B) in the case of the Trustee, to the address appearing at the beginning of this Agreement (facsimile number: 020 7500 5248 marked for the attention of: Agency & Trust);

or to such other addresses or facsimile number or email address or marked for the attention of such other person or department as may from time to time be notified by any party to the other parties by written notice in accordance with the provisions of this clause.

18. ASSIGNMENT

- 18.1 The Issuer may assign or charge to the Trustee the benefit of and full right to enforce all its rights under or granted pursuant to this Agreement by way of or pursuant to the Deed of Charge only and not to any other person or in any other manner.
- 18.2 Neither a Mortgagee nor the Trustee may assign or charge its rights and obligations under this Agreement or any that may be assigned or charged to it, except that the Trustee may assign its rights under this Agreement to a successor trustee appointed under the Trust Deed.

19. TRUSTEE

- 19.1 If there is any change in the identity of the Trustee in accordance with the Trust Deed, each Mortgagee and the Issuer shall execute such documents and take such action as the new Trustee and the outgoing Trustee may require for the purpose of vesting in the new Trustee the rights, powers and obligations of the outgoing Trustee, and releasing the outgoing Trustee from its future obligations, under this Agreement.
- 19.2 It is hereby acknowledged and agreed that by its execution of this Agreement the Trustee shall not assume or have any of the obligations or liabilities of any Mortgagee or the Issuer hereunder.

20. VARIATIONS

This Agreement may be varied in writing signed by duly authorised signatories on behalf of the parties hereto.

21. EXCLUSION OF THIRD PARTY RIGHTS

The parties to this Agreement do not intend that any term of this Agreement should be enforced, by virtue of the Contracts (Rights of Third Parties) Act 1999, by any person who is not a party to this Agreement.

22. **GOVERNING LAW**

This Agreement is governed by, and shall be construed in accordance with, the laws of England, other than any terms hereof particular to Scots law, which shall be construed

in accordance with the laws of Scotland, or any terms hereof particular to Northern Irish law, which shall be construed in accordance with the laws of Northern Ireland.

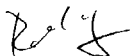
IN WITNESS whereof the parties hereto have executed this Agreement as a deed on the day and year first before written at London.

Executed by:

as its deed as follows:

Signed for and on its behalf by one of its duly authorised attorneys

Signature:



Name: MAX ROHRIG

Occupation: TRAINEE SOLICITOR

Address: 120 MANHATTAN BUILDING
LONDON E3 2JG

Paragon Mortgages Limited

By:

Name: ADEM MEHMET

Title: DIRECTOR



Executed by:

as its deed as follows:

Signed for and on its behalf by one of its duly authorised attorneys

Signature:



Name: MAX ROHRIG

Occupation: TRAINEE SOLICITOR

Address: 120 MANHATTAN BUILDING
LONDON E3 2JG

Paragon Second Funding Limited

By:

Name: ADEM MEHMET


Title: DIRECTOR



Executed by:

as its deed as follows:

Signed for and on its behalf by one of its duly authorised attorneys

Signature: 

Name: MAX ROHRIG

Occupation: TRAINEE SOLICITOR

Address: 120 MANHATTAN BUILDING
LONDON E3 2UG

Mortgage Trust Limited

By: 

Name: ADEM MEHMET

Title: DIRECTOR

Executed by:

as its deed as follows:

Signed for and on its behalf by one of its duly authorised attorneys

Signature: 

Name: MAX ROHRIG

Occupation: TRAINEE SOLICITOR

Address: 120 MANHATTAN BUILDING
LONDON E3 2UG

Mortgage Trust Services plc

By: 

Name: ADEM MEHMET

Title: DIRECTOR

Executed by:

as its deed as follows:

Signed for and on its behalf by one of its duly authorised attorneys

Signature: 

Name: MAX ROHRIG

Occupation: TRAINEE SOLICITOR

Address: 120 MANHATTAN BUILDING
LONDON E3 2UG

Paragon Finance PLC


By: 

Name: ADEM MEHMET

Title: DIRECTOR

Executed by:
as its deed as follows:

Signed for and on its behalf by one of its duly authorised attorneys


Signature: 

Name: MAX BOHRIG
Occupation: TRAINEE SOLICITOR
Address: 170 MANHATTAN BUILDING
LONDON E3 2W6


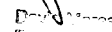
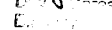
Executed by:
as its deed as follows:

Signed for and on its behalf by one of its directors and by another of its directors/its secretary

Paragon Mortgages (No.10) PLC

By: 
Name: ADEM MEHMET
Title: DIRECTOR

Citicorp Trustee Company Limited

By: 
Name: 
Title: 

By: 
Name: 
Title: 

SCHEDULE 1
INSURANCE CONTRACTS

1. In respect of the Individual Mortgages and the Corporate Mortgages:
 - (A) The Fidelity Insurance Policy to the extent of any loss to the Issuer arising in connection with the performance by or on behalf of the relevant Administrator of the services to be provided pursuant to the Administration Agreement.
 - (B) The Mortgage Impairment Insurance for Financial Institutions Policy to the extent it relates to the Mortgages.
 - (C) The Block Buildings Policies to the extent that such policies relate to the Properties.
 - (D) Those buildings insurance policies on the Properties (not being any of the Block Buildings Policies) where a Mortgagee or one or more of them as the case may be is a named insured or where a Mortgagee's interest is noted.

SCHEDULE 2
MORTGAGE DOCUMENTATION

Part A - Documentation relating to Individual Mortgages

LIBOR linked

Mortgage Description	Product type	OA Type
LIBOR Letting + 1.75% 1yr(052)	LIB	OA24450
LIBOR Prof Let + 1.5%	LIB	OA00850
Let LIBOR + 1.25% 2yrs (723)	LIB	OA25100
Letting LIBOR + 0.75% 1yr(050)	LIB	OA24400
Letting LIBOR + 1%	LIB	OA50000
Letting LIBOR + 1.35%	LIB	OA00810
Letting LIBOR + 2% 2yrs (723)	LIB	OA24500
Letting LIBOR + 2.35%	LIB	OA00820
Letting LIBOR + 3% 2yrs (719)	LIB	OA24550
Letting Libor + 1.15%	LIB	OA50100
Lettings LIBOR + 1.4%	LIB	OA25200
Lettings LIBOR + 2.4%	LIB	OA25270
Lettings LIBOR + 2.5%	LIB	OA00870
Lettings LIBOR + 1.5%	LIB	OA25400
2 Year Discounted LIBOR + 0.7%	LIB	OA51800

Variable

Mortgage Description	Product type	OA Type
LVR + 2% (let)	VAR	OA25390
Letting standard variable + 1%	VAR	OA00180
Lettings Standard Variable	VAR	OA00160
Standard Variable	VAR	OA00100
Standard Variable + 1% (let)	VAR	OA00150

Fixed rate

Mortgage Description	Product type	OA Type
Fixed 1 year letting at 5.250% (649)	FIX	OA27200
Fixed 1 year letting at 6.250% (650)	FIX	OA27850
Fixed 1 year letting at 4.990% (720)	FIX	OA27100
Fixed 10 Year Letting at 7.490% (649)	FIX	OA24600
Fixed 2 Yr Letting at 6.950% (723)	FIX	OA25500
Fixed 2 Yr Letting at 5.650% (724)	FIX	OA27500
Fixed 2 year letting at 5.750% (649)	FIX	OA27400
Fixed 2 year letting at 6.750% (719)	FIX	OA27450
Fixed 3yrs Letting at 6.950% (650)	FIX	OA25800

Fixed 5 year letting at 5.950% (649)	FIX	OA28900
Fixed 5yrs HighEq.Letting at 6.750% (698)	FIX	OA26600
Fixed 5yrs Letting at 7.950% (647)	FIX	OA27390
Fixed Letting 1 year at 5.350% (649)	FIX	OA27700
Fixed Letting 1 year at 6.350% (650)	FIX	OA27750
Fixed Letting 3 years at 6.850% (649)	FIX	OA27900
Fixed Letting 3yrs at 6.450% (649)	FIX	OA28300
Fixed Lettings 1Yr at 6.250% (340)	FIX	OA27250
Fixed Lettings 2yrs at 6.250% (649)	FIX	OA26700
Fixed Lettings 2yrs at 6.450% (650)	FIX	OA26400
Lettings 2 Year Fixed at 5.990% (649)	FIX	OA28100
1 year fixed rate at 5.35%	FIX	OA277.00
3 year fixed rate at 6.25% to 31/03/07	FIX	OA298.50
5 year fixed rate at 6.39% to 31/03/09	FIX	OA299.00
3 year fixed rate at 5.95% to 30/06/07	FIX	OA301.00
5 year fixed rate at 5.99% to 30/06/09	FIX	OA303.00
3 year fixed rate at 6.89% to 30/09/07	FIX	OA30600
5 year fixed rate at 6.89% to 30/09/09	FIX	OA30700
1 year fixed rate at 5.99% to 31/12/05	FIX	OA30800
2 year fixed rate at 5.45% to 31/05/07	FIX	OA32100
3 year fixed rate at 5.7% to 31/07/08	FIX	OA32600
1 year fixed rate at 5.6% to 30/04/06	FIX	OA31900
3 year fixed rate at 5.99% to 30/04/08	FIX	OA32000
2 year fixed rate at 5.25% to 31/12/07	FIX	OA33700
3 year fixed rate at 5.35% to 31/12/08	FIX	OA33800
5 year fixed rate at 5.25% to 31/10/10	FIX	OA33400

Base Rate Loans

Mortgage Description	Product type	OA Type
Discounted Base Rate Tracker + 0.95%	BRL	OA50500
Discounted Base Rate Tracker + 0.89%	BRL	OA50600
Discounted Base Rate Tracker + 0.63%	BRL	OA50700
Discounted Base Rate Tracker + 0.64%	BRL	OA50800
Base Rate Tracker + 0.90%	BRL	OA50900
Base Rate Tracker + 0.95	BRL	OA51000
Base Rate Tracker + 1.15	BRL	OA51100
Base Rate Tracker + 0.95	BRL	OA51200

Outside Insurers Undertaking	DL/500/1/03.97
Leasehold Properties Insurance Declaration	DL/427/1/03.97
Report on Title	
Security Assessment and Valuation Form	
Procedures and Guidelines for Panel Surveyors	
Offer of Loan	
Completion Statement	
Procedures and Guidelines for Panel Surveyors	DL 455/1/7.98
Offer of Loan dated 24 th February 2003	
Report on Title	
Security Assessment and Valuation Form	
Procedures and Guidelines for Panel Surveyors	
containing various Valuation Forms	
Further Advance Application Form	(PML/090/10/04) 990

Individual Lettings Applicants Pack

Application Form	PML560/10/2002
General & Special Conditions	PML404/3/2002
Mortgage Conditions	PML420/06/01
Paragon Plus Brochure	
Payment Protection Brochure (if applicable)	
General Service Tariff	PML544/04/2003

Instructions to Legal Advisers for Individual Lettings Applicants

The CML Lender's Handbook for Solicitors and Licensed Conveyancers England and Wales (2002) Second Edition.

Instructions to Solicitors	FP/1101TS/12/99
General & Special Conditions	PML404/3/2002
Mortgage Conditions	PML420/06/01
Mortgage Deed	PML423/02/02
Deeds Schedule	PML097/10/01
Notice to Freeholder	PML098/11/01
HM Land Registry Acknowledgement Card	PML422

Individual Lettings Applicants Pack - Scottish

Application Form	PML560/10/2002
General & Special Conditions	PML404/3/2002
Mortgage Conditions Scotland	DL/489/1/03.97
Paragon Plus Brochure	
Payment Protection Brochure (if applicable)	PML413/09/02
General Service Tariff	PML544/04/2003

Instructions to Legal Advisers for Individual Lettings Applicants - Scottish

Standard Security	PML491/12/2002
Affidavit	PML/495/12/2002
General & Special Conditions	PML404/3/2002
Instructions to Solicitors	DL/512/1/12.98
Mortgage Conditions Scotland	DL/489/1/03.97
Certificate of Verification	Cert 4 (PARAGON) 27.1.98
The 2 nd Property Application Form	DL/501/LETS/2/06.97
Let Application Form	DL/560/2/11.98
Mortgage Deed	DL/423.1/03.97
Mortgage Conditions	DL/420/1/3.97
Offer of Loan	
General Conditions and Special Conditions	DL/404/1/12.98
Instructions to Legal Advisers	DL/428/1/03.97
Procedures & Guidelines for Panel Surveyors	
Procedures and Guidelines for Panel Surveyors	DL455/1/7.98
Report on Title	
Consent to Mortgage	DL/426/1/03.97
Letter Confirming Completion of Mortgage, enclosing Completion Statement and Buildings Insurance Certificate	NTCMRAPP
Security Assessment and Valuation	BLDINAPP
Security Assessment Confirmation	Version 3 4/94
Notice of Assignment of Life Policy	Version 1 3/94
Deed of Assignment of Policy of Assurance	DL/434/1/03.97
Certificate of confirmation of Advice	DL/429/1/03.97
Outside Insurers Undertaking	DL/425/1/03.97
Leaschold Properties Insurance Declaration	DL/500/1/03.97
Note Supplemental to Standard Instructions to Legal Advisers	DL/427/1/03.97
	SUPNOTE2 (PARAGON) 27.1.98
Deeds Schedule	DL/431/1/3.97
Instructions to Solicitors	L/512/1/12.98
Standard Security	DL/491/1/03.97
Affidavit (Scotland)	DL/495/1/03.97
Certificate of Confirmation of Advice (Scotland)	DL/486/1/03.97
Mortgage Conditions Scotland	DL/489/1/03.97

Individual Lettings Applicants Pack – Scottish

Application Form	PML560/10/2002
General & Special Conditions	PML404/3/2002
Mortgage Conditions	DL/489/1/03.97
Paragon Plus Brochure	
Payment Protection Brochure (if applicable)	PML413/09/02
General Service Tariff	PML544/04/2003

Instructions to Legal Advisors for Individual Lettings Applicants – Scottish

Standard Security	PML491/12/2002
Affidavit	PML495/12/2002
General & Special Conditions	PML404/3/2002
Instructions to Solicitors	DL/512/1/12.98
Mortgage Conditions Scotland	DL/489/1/03.97

Mortgage Trust Documentation – England and Wales

Offer Conditions (England and Wales) (2003 Edition)	MTR 141 9/03
Occupier's Letter	MTR 327 9/03
Legal Charge	MTR 138 9/03
Certificate of Title	MTR 140 9/03
Notice of Charge to Landlords	MTR 142 9/03
Schedule of Title Deeds and Documents	MTR 145 9/03
Deed of Postponement	MTR 405 9/03
Instructions to Solicitors (England and Wales)	MTR 144 9/03
Mortgage Conditions (England and Wales) (2003 Edition)	MTR 146 9/03

Mortgage Trust Documentation – Scotland

Offer Conditions (Scotland) (2003 Edition)	MTR 168 9/03
Form of Affidavit	MTR 160 9/03
Standard Security	MTR 165 11/03
Certificate of Title (Scotland)	MTR 164 9/03
Notice of Standard Security to Landlords	MTR 163 9/03
Schedule of Title Deeds and Documents	MTR 161 9/03
Instructions to Solicitors (Scotland)	MTR 166 9/03
Variations of Standard Conditions (Scotland) (2003 Edition)	MTR 169 11/03

Mortgage Trust Documentation – Northern Ireland

Offer Conditions	MTR 156 9/03
Occupier's Letter	MTR 240 9/03
Mortgage	MTR 407 9/03
Certificate of Title (Northern Ireland)	MTR 151 9/03
Notice of Mortgage to Landlords	MTR 154 9/03
Schedule of Title Deeds and Documents (Northern Ireland)	MTR 150 9/03
Instructions to Solicitors	MTR 149 9/03
Mortgage Conditions (Northern Ireland) (2003 Edition)	MTR 157 9/03

(A1) Part A: Documentation relating to Individual Mortgages from Paragon Mortgages (No.4) PLC**Offer of Loan – Special Conditions**

1. Standard Rate plus 1%.	OA00150
2. 10 year 6.75% Fixed Rate.	OA22100
3. 3 year 6.99% Fixed Rate.	OA23600
4. 3 year 6.75% Fixed Rate.	OA21900
5. 5 Year 9.99% Fixed Rate.	OA14800
6. 5 Year 7.99% Fixed Rate.	OA24750
7. 5 Year 7.95% Fixed Rate.	OA27390
8. 3 Year 7.60% Fixed Rate.	OA22770
9. 3 Year 6.65% Fixed Rate.	OA23000
10. 5 Year 8.99% Fixed Rate.	OA14700

Instructions to Solicitors and Applicants Pack

1. The 2nd Property Application Form	DL/501/LETS/2/06.97
2. Let Property Application Form	DL/560/2/11.98
3. Instructions to Legal Advisors	DL/428/1/03.97
4. Certificate of Verification	CERT4 (PARAGON) 27.1.98
5. Note Supplemental to Standard Instructions to Legal Advisors	SUPNOTE2 (PARAGON) 27.1.98

Offer of Loan – Special Conditions relating to Individual Mortgages

1. Lettings LIBOR Linked + 1.75% for 12 months	OA24450
2. Lettings LIBOR Linked + 1.25% for 24 months	OA25100
3. Lettings LIBOR Linked + 0.75% for 12 months	OA24400
4. LIBOR Linked + 1.35%	OA00810
5. Lettings LIBOR Linked + 1.50%	OA00850
6. Lettings LIBOR Linked + 2.00% for 24 months	OA24500
7. LIBOR Linked + 2.35%	OA00820
8. Lettings LIBOR Linked + 3.00%	OA00880

9. Lettings LIBOR Linked + 3.00% for 24 months	OA24550
10. Lettings LIBOR Linked + 4% for 24 months	OA24590
11. Lettings LIBOR Linked + 1.40%	OA25200
12. Lettings LIBOR Linked + 2.40%	OA25270
13. Lettings LIBOR Linked + 2.50%	OA25470
14. Lettings LIBOR Linked + 3.50%	OA25490
15. Lettings LIBOR Linked + 4.00%	OA00895
16. 2 Year 8.95% Fixed Rate	OA25590
17. 3 Year 6.90% Fixed Rate	OA25700
18. 3 Year 7.49% Fixed Rate	OA24901
19. 3 Year 6.75% Fixed Rate	OA21900
20. 3 Year 8.99% Fixed Rate	OA19950
21. 3 Year 7.95% Fixed Rate	OA25850
22. 5 Year 5.95% Fixed Rate	OA27300
23. 5 Year 6.95% Fixed Rate	OA27350
24. 1 Year 7.25% Fixed Rate	OA27290
25. 1 Year 6.25% Fixed Rate	OA23800
26. 3 Year 6.90% Fixed Rate	OA25700
27. 2 Year 7.25% Fixed Rate	OA26770
28. 5 Year 6.80% Fixed Rate	OA26500
29. 5 Year 7.80% Fixed Rate	OA26550
30. 2 Year 7.65% Fixed Rate	OA27590
31. 2 Year 7.35% Fixed Rate	OA26350
32. 2 Year 7.99% Fixed Rate	OA27090
33. 2 Year 5.89% Fixed Rate	OA26100
34. 1 year 5.5% Fixed Rate	OA26900
35. 2 Year 5.99% Fixed Rate	OA27000
36. 2 Year 5.55% Fixed Rate	OA27600
37. Lettings Standard Variable Rate + 1%	OA00180
38. Lettings Standard Variable Rate	OA00160
39. Standard Rate	OA00100

(1) Instruction to Solicitors Pack.

Deeds Schedule	PML097/10/01
Mortgage Deed	BB/PML423/4/01
Notice to Freeholder	BB/098/12/99
Mortgage Conditions	PML420/06/01
Instructions to Solicitors	DL/512/1/12.98
General Conditions and Special Conditions	EF/404/4/00

(2) Lettings Application Pack (Scotland).

General Conditions and Special Conditions	EF/404/4/00
Mortgage Conditions	PML420/06/01
Let Property Application Form	EF/560/11.00

(3) Instructions to Solicitors Pack (Scotland).

Standard Security	PML491/01.01
Affidavit	PML/495/02.01
General Conditions and Special Conditions	EF/404/4/00
Instructions to Solicitors	FP/110ITS/12/99
Mortgage Conditions	PML420/06/01

(B) Documents relating to Corporate MortgagesLibor linked

Mortgage Description	Product type	OA Type
Letting LIBOR + 1.5%	LIB	OA00850
LIBOR Letting +1.75% 1yr (051)	LIB	OA24450
Letting LIBOR + 0.75% 1yr(050)	LIB	OA24400
Letting LIBOR + 1.35%	LIB	OA00810
Letting LIBOR + 1.5%	LIB	OA00850
Letting LIBOR + 2% 2yrs (723)	LIB	OA24500
Lettings LIBOR + 1.4%	LIB	OA25200
Lettings LIBOR + 1.5%	LIB	OA25400

Variable

Mortgage Description	Product type	OA Type
Lettings Standard Variable	VAR	OA00160
Standard Variable	VAR	OA00100

Fixed rate

Mortgage Description	Product type	OA Type
Fixed 1 year letting at 5.250% (649)	FIX	OA27200
Fixed 10 Year Letting at 7.490% (649)	FIX	OA24600
Fixed 2 Yr Letting at 6.950% (723)	FIX	OA25500
Fixed 2 year letting at 5.750% (650)	FIX	OA27400
Fixed 5 year letting at 5.950% (650)	FIX	OA28900
Fixed Letting 1 year at 5.350% (649)	FIX	OA27700
Fixed Letting 1 year at 6.350% (719)	FIX	OA27750
Fixed Letting 3 years at 6.750% (649)	FIX	OA28000
Fixed Letting 3 years at 6.850% (649)	FIX	OA27900
Lettings 2 Year Fixed at 5.550% (724)	FIX	OA27600
1 year fixed rate at 5.35%	FIX	OA277.00
3 year fixed rate at 6.25% to 31/03/07	FIX	OA298.50
5 year fixed rate at 6.39% to 31/03/09	FIX	OA299.00
3 year fixed rate at 5.95% to 30/06/07	FIX	OA301.00
5 year fixed rate at 5.99% to 30/06/09	FIX	OA303.00
3 year fixed rate at 6.89% to 30/09/07	FIX	OA30600

5 year fixed rate at 6.89% to 30/09/09	FIX	OA30700
1 year fixed rate at 5.99% to 31/12/05	FIX	OA30800
2 year fixed rate at 5.45% to 31/05/07	FIX	OA32100
3 year fixed rate at 5.7% to 31/07/08	FIX	OA32600
1 year fixed rate at 5.6% to 30/04/06	FIX	OA31900
3 year fixed rate at 5.99% to 30/04/08	FIX	OA32000
2 year fixed rate at 5.25% to 31/12/07	FIX	OA33700
3 year fixed rate at 5.35% to 31/12/08	FIX	OA33800
5 year fixed rate at 5.25% to 31/10/10	FIX	OA33400

Base Rate Loans

Mortgage Description	Product type	OA Type
Discounted Base Rate Tracker + 0.95%	BRL	OA50500
Discounted Base Rate Tracker + 0.89%	BRL	OA50600
Discounted Base Rate Tracker + 0.63%	BRL	OA50700
Discounted Base Rate Tracker + 0.64%	BRL	OA50800
Base Rate Tracker + 0.90%	BRL	OA50900
Base Rate Tracker + 0.95%	BRL	OA51000
Base Rate Tracker + 1.15%	BRL	OA51100
Base Rate Tracker + 0.95%	BRL	OA51200

Limited Company Lettings Applicants Pack

Application Form	PML560/10/2002
General & Special Conditions	PML404/3/2002
Legal Charge (Corporate Borrower)	PML430/8/01
Paragon Plus Brochure	
General Services Tariff	PML544/04/2003

Instructions to Legal Advisers for Limited Company Lettings Solicitors Pack

Instructions to Solicitors (Corporate Borrower)	PML417/08/01
General & Special Conditions	PML404/3/2002
Legal Charge (Corporate Borrower)	PML430/8/01
Certificate of Confirmation of Advice to Guarantor (1 per guarantor)	PML435/2/00
Guarantee (1 per guarantor)	PML444/12/01
Supplemental Instructions for Properties Let at Completion Deeds Schedule	PML097/10/01
Notice to Freeholder	PML098/111/01
H M Land Registry Acknowledgement Card	PML422

Limited Company Lettings Applicants Pack - Scottish

Application Form	PML560/10/2002
General & Special Conditions	PML404/3/2002
Standard Security	
Paragon Plus Brochure (if applicable)	
General Service Tariff	PML544/04/2003

Instructions to Legal Advisers for Limited Company Lettings Applicants - Scottish

Standard Security	
General & Special Conditions	PML404/3/2002
Instructions to Solicitors (Corporate Borrowers)	
Certificate of Confirmation of Advice to Guarantor (1 per guarantor)	
Guarantee (1 per guarantor)	DEED11 (DEEDS)
Floating Charge	MORTCOND (PARAGON)
Supplemental Instructions for Properties Let at Completion Deeds Schedule	PML097/10/01

“OLD” PML CORPORATE DOCUMENTATION

Certificate of Confirmation of Advice	DL/435/CO.LET/1/2.98
Supplemental Instructions for Properties Let at Completion	
General Conditions and Special Conditions	DL/404/1/12.98
Instructions to Solicitors Corporate Borrower	DL/417/CO.LET/1/12.98
Legal Charge Corporate Borrower Guarantee	DL/430/CO.LET/1/2.98

“Old” PML Scottish Corporate Documentation

Guarantee	DEED11 (DEEDS)
Supplemental Instructions for Properties Let at Completion	
Certificate of Confirmation of Advice to Guarantor	INSTCORP (PARAGON) Draft 12.11.97
Instructions to Solicitors Corporate Borrower	DL/417/CO.LET/1/12.98
General Conditions and Special Conditions	DL/404/1/12.98
Notice of Assignment of Life Policy	DL/490/1/03.97
Floating Charge	MORTCOND (PARAGON)
Standard Security	

Mortgage Trust Documentation – England and Wales

Offer Conditions (England and Wales) (2003 Edition)	MTR 141 9/03
Occupier's Letter	MTR 327 9/03
Legal Charge	MTR 138 9/03
Certificate of Title	MTR 140 9/03
Notice of Charge to Landlords	MTR 142 9/03
Schedule of Title Deeds and Documents	MTR 145 9/03
Deed of Postponement	MTR 405 9/03
Instructions to Solicitors (England and Wales)	MTR 144 9/03
Mortgage Conditions (England and Wales) (2003 Edition)	MTR 146 9/03
Guarantee	

Mortgage Trust Documentation – Scotland

Offer Conditions (Scotland) (2003 Edition)	MTR 168 9/03
Form of Affidavit	MTR 160 9/03
Standard Security	MTR 165 11/03
Certificate of Title (Scotland)	MTR 164 9/03
Notice of Standard Security to Landlords	MTR 163 9/03
Schedule of Title Deeds and Documents	MTR 161 9/03
Instructions to Solicitors (Scotland)	MTR 166 9/03
Variations of Standard Conditions (Scotland) (2003 Edition)	MTR 169 11/03
Guarantee	

Mortgage Trust Documentation – Northern Ireland

Offer Conditions	MTR 156 9/03
Occupier's Letter	MTR 240 9/03
Mortgage	MTR 407 9/03
Certificate of Title (Northern Ireland)	MTR 151 9/03
Notice of Mortgage to Landlords	MTR 154 9/03
Schedule of Title Deeds and Documents (Northern Ireland)	MTR 150 9/03
Instructions to Solicitors	MTR 149 9/03
Mortgage Conditions (Northern Ireland) (2003 Edition)	MTR 157 9/03
Guarantee	

(B1) Documents to Corporate Mortgages from Paragon Mortgages (No.4) PLC**Offer of Loan – Special Conditions**

1. Lettings LIBOR Linked + 1.75% for 12 months	OA24450
2. Lettings LIBOR Linked + 1.25% for 24 months	OA25100
3. Lettings LIBOR Linked + 0.75% for 12 months	OA24400
4. LIBOR Linked + 1.35%	OA00810
5. Lettings LIBOR Linked + 1.50%	OA00850
6. Lettings LIBOR Linked + 2.00% for 24 months	OA24500
7. LIBOR Linked + 2.35%	OA00820
8. Lettings LIBOR Linked + 3.00%	OA00880
9. Lettings LIBOR Linked + 3.00% for 24 months	OA24550
10. Lettings LIBOR Linked + 4% for 24 months	OA24590
11. Lettings LIBOR Linked + 1.40%	OA25200
12. Lettings LIBOR Linked + 2.40%	OA25270
13. Lettings LIBOR Linked + 2.50%	OA25470
14. Lettings LIBOR Linked + 3.50%	OA25490
15. Lettings LIBOR Linked + 4.00%	OA00895
16. 2 Year 8.95% Fixed Rate	OA25590
17. 3 Year 6.90% Fixed Rate	OA25700
18. 3 Year 7.49% Fixed Rate	OA24901
19. 3 Year 6.75% Fixed Rate	OA21900
20. 3 Year 8.99% Fixed Rate	OA19950
21. 3 Year 7.95% Fixed Rate	OA25850
22. 5 Year 5.95% Fixed Rate	OA27300
23. 5 Year 6.95% Fixed Rate	OA27350
24. 1 Year 7.25% Fixed Rate	OA27290
25. 1 Year 6.25% Fixed Rate	OA23800
26. 3 Year 6.90% Fixed Rate	OA25700
27. 2 Year 7.25% Fixed Rate	OA26770
28. 5 Year 6.80% Fixed Rate	OA26500
29. 5 Year 7.80% Fixed Rate	OA26550
30. 2 Year 7.65% Fixed Rate	OA27590
31. 2 Year 7.35% Fixed Rate	OA26350
32. 2 Year 7.99% Fixed Rate	OA27090
33. 2 Year 5.89% Fixed Rate	OA26100
34. 1 year 5.5% Fixed Rate	OA26900
35. 2 Year 5.99% Fixed Rate	OA27000
36. 2 Year 5.55% Fixed Rate	OA27600
37. Lettings Standard Variable Rate + 1%	OA00180
38. Lettings Standard Variable Rate	OA00160
39. Standard Rate	OA00100

(1) Limited Company Application Pack.

Legal Charge
 General Conditions and Special Conditions
 Let Property Application Form

PML/430/8/01
 EF/404/4/00
 EF/560/11.00

(2) Limited Company Instruction to Solicitors Pack.

Instructions to Solicitors Corporate Borrowers	DLJ417/CO.LET/1/2.98
General Conditions and Special Conditions	F/404/4/00
Legal Charge Corporate Borrower	PMLJ430/8/01
Certificate of confirmation of advice (Corporate Borrower)	PMLJ435/2/00
Guarantee Corporate Borrower	EF/444/12.00
Supplemental Instructions for Properties let at completion	PML097/10/01
Deeds Schedule	
Notice to Freeholder	BB/098/12/99

(3) Limited Company Application Pack (Scotland).

General Conditions and Special Conditions	EF/404/4/00
Standard Security	
Let Property Application Form	EF/560/11.00

(4) Limited Company Instructions to Solicitors Pack (Scotland).

General Conditions and Special Conditions	EF/404/4/00
Standard Security	
Instructions to Solicitors	INSTCORP (PARAGON) DRAFT 12.11.97
Certificate of Confirmation of Service to Guarantor Guarantee	DEED11 (DEEDS)
Floating Charge	MORTCOND (PARAGON)
Supplemental Instructions for Properties let at completion	
Deeds Schedule	PML097/10/01

1. Letter confirming Completion of Mortgage,
enclosing Completion Statement and Buildings
Insurance Certificate
2. Security Assessment and Valuation
3. Offer of Loan
4. Report on Title
5. Procedures & Guidelines for Panel Surveyors
6. Procedures and Guidelines for Panel Surveyors
containing various Valuation Forms
7. Further Advance Application Form (PML/090/10/04) 990

SCHEDULE 3
REGISTERED LAND TITLE

<p>Transfer of a portfolio of charges</p> <p><i>(if you need more room than is provided for in a panel, use continuation sheets CS and staple to this form)</i></p>	<p>HM Land Registry</p>	<p>TR4</p>						
<p>1. List below the title number (leave blank if not yet registered) together with a brief description of the property. If this transfer is made under section 37 of the Land Registration Act 1925 following a not-yet-registered dealing with part only of the land in a title, or is made under rule</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%; text-align: left;">Title Number</th> <th style="width: 50%; text-align: left;">Description of Property</th> <th style="width: 20%; text-align: left;">Date of Transferor's charge</th> </tr> </thead> <tbody> <tr> <td style="height: 150px;"> </td> <td> </td> <td> </td> </tr> </tbody> </table>			Title Number	Description of Property	Date of Transferor's charge			
Title Number	Description of Property	Date of Transferor's charge						
<p>2. Date</p>								
<p>3. Transferor <i>(give full names and Company's Registered Number if any)</i></p>								
<p>4. Transferee for entry on the register <i>(Give full names and Company's Registered Number (if any); for Scottish Co. Reg. Nos., use an SC prefix. For foreign companies give territory in which incorporated.)</i></p> <p><i>Unless otherwise arranged with Land Registry headquarters, a certified copy of the transferee's constitution (in English or Welsh) will be required if</i></p>								
<p>5. Transferee's intended address(es) for service in the U.K. (including postcode) for entry on the register</p>								
<p>6. The Transferor transfers the charges referred to in panel 1 to the Transferee.</p>								
<p>7. Consideration <i>(Place "X" in the box that applies. State clearly the currency unit if other than sterling. If none of the boxes applies, insert an appropriate memorandum in the additional provisions panel.)</i></p> <p style="padding-left: 40px;">The Transferor has received from the Transferee for the charges the sum of <i>(in words and figures)</i></p> <p style="padding-left: 40px;"><i>(insert other receipt as appropriate)</i></p> <p style="padding-left: 40px;">The Transfer is not for money or anything which has a monetary value</p>								

8. The Transferor transfers with (place "X" in the box which applies and add any modifications)

limited title guarantee

full title guarantee

9. Additional Provision(s) *Insert here any required or permitted statement, certificate or application and any agreed covenants, declarations, etc.*

Sign here

Director

Secretary

Signed as a deed by (name of company)
acting by a director and its secretary

Signed as a deed by (name of company)
acting by a director and its secretary

**Continuation
sheet**

HM Land Registry

CS

Title number(s)

1. Continued from Form

2. *Before each continuation, state panel to be continued, e.g. "Panel 12 continued".*

For the avoidance of doubt the transfer of the charges referred to in panel 1 by the Transferor to the Transferee shall include:

- (i) all sums of principal, interest or any other sum payable thereunder, and the right to demand, sue for, recover, receive and give receipts for all principal moneys payable under the Charges or the unpaid part thereof and the interest due or to become due thereon including any sums which have accrued due and payable interest (including capitalised interest) or other sums due to be paid or accrued in respect of the Charges (provided that the principal moneys payable under any Charge shall not be deemed to be due for the purpose of this paragraph merely because the legal date for redemption of the relevant Charge has passed); and
- (ii) the obligation to make further advances of principal and/or interest where the chargee is under an obligation to make further advances whether on a scheduled basis or on demand; and
- (iii) the benefit of all securities for such principal moneys and interest, the benefit of all consents to mortgage signed by occupiers of the charged properties and the benefit of and the right to sue on all covenants with, or vested in, the chargee in each Charge and the right to exercise all powers of the chargee in relation to each Charge; and
- (iv) all the estate and interest in the charged properties vested in the chargee subject to redemption or cesser; and
- (v) all causes of action of the chargee against any person in connection with any report, valuation, opinion, certificate, consent or mortgage or other statement of fact or opinion given in connection with any Charge or affecting the decision to make the relevant advance; and
- (vi) the benefit of any guarantee or surety vested in the Transferor relating to any of the Charges and any of the Collateral Facility relating to the charges; but excluding (i) the charges on the life assurance policies (if any) charged as collateral security therefor and (ii) the Transferor's right, title, interest and benefit

in any other insurance contracts in relation to the charged properties
Continuation sheet of <i>(Insert sheet number and total number of continuation sheets e.g. "sheet 1 of 3")</i>

SCHEDULE 4
UNREGISTERED LAND TRANSFER

THIS DEED OF TRANSFER OF MORTGAGES is made the { ___ } day of { ___ }

BETWEEN:

- (1) **[PARAGON MORTGAGES LIMITED/MORTGAGE TRUST LIMITED]** whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (hereinafter called the "**Transferor**"); and

and

- (2) **PARAGON MORTGAGES (NO.10) PLC** whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (hereinafter called the "**Transferee**") of the other part,

[WITH THE CONSENT OF:

- (3) **[PARAGON MORTGAGES LIMITED** whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE ("**PML**") **/MORTGAGE TRUST SERVICES PLC]** (in its capacity as Seller under the Mortgage Sale Agreement) whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE ("**MTS** ").]

WHEREAS:

- (A) By the charges by way of legal mortgage (the "**Mortgages**") brief particulars of which are set out in the Annexure hereto the properties brief particulars of which are similarly set out became security for the repayment of the moneys therein mentioned. [The Transferor sold the Mortgages to MTS (without MTS taking legal title to such Mortgages) and subsequently MTS sold such Mortgages to the Transferee (without the Transferee taking legal title to such Mortgages).]
- (B) The Transferor has agreed to sell and the Transferee has agreed to buy all right, title, interest, benefit and obligation (both present and future) of the Transferor in and under those Mortgages and all other mortgages in favour of the Transferor over such properties which do not relate to registered land for the consideration hereinafter mentioned.

NOW THIS DEED WITNESSETH as follows:

In consideration of the payment by the Transferee to Transferor of the purchase price therefor pursuant to a Mortgage Sale Agreement dated 17 November 2005 and at the request and with the concurrence of MTS (in its capacity as Seller) for their respective right, title and interest in and to the Mortgages, the Transferor hereby transfers unto the Transferee with full title guarantee all right, title, interest, benefit and obligation (both present and future) of the

mortgagee in and under the Mortgages which do not relate to registered land including for the avoidance of doubt:

- (i) all sums of principal interest or any other sum payable under, and the right to demand, sue for, recover, receive and give receipts for all principal moneys payable or to become payable under, the relevant Mortgages or the unpaid part thereof and the interest due or to become due thereon including sums which have accrued due and payable and interest (including capitalised interest) or other sums due to be paid or accrued under or in respect of the Mortgages (provided that the principal moneys payable under any Mortgage shall not be deemed to be due for the purpose of this paragraph merely because the legal date for redemption of the relevant Mortgage has passed); and
- (ii) the obligation to make further advances of principal and/or interest where the mortgagee is under an obligation to make further advances whether on a scheduled basis or on demand save that, in respect of Mortgages where the relevant borrower is an individual, this shall not mean that the Transferor is, as against the mortgagor, no longer to be regarded as the creditor for the purposes of the Consumer Credit Act 1974; and
- (iii) the benefit of all securities for such principal moneys and interest, the benefit of all consents to mortgage signed by occupiers of the mortgaged properties and the benefit of and the right to sue on all covenants with, or vested in, the mortgagee in each Mortgage and the right to exercise all powers of the mortgagee in relation to each Mortgage; and
- (iv) all the estate and interest in the mortgaged properties vested in the mortgagee subject to redemption or cesser; and
- (v) all causes of action of the mortgagee against any person in connection with any report, valuation, opinion, certificate, consent to mortgage or other statement of fact or opinion given in connection with any Mortgage or affecting the decision to make the relevant advance; and
- (vi) *the benefit of any guarantee or surety vested in the Transferor relating to any of the relevant Mortgages, and any other collateral security relating to the Mortgages,*

but excluding (i) the charges on the life assurance policies (if any) charged as collateral security therefor and (ii) the Transferor's right, title, interest and benefit in any other insurance contracts in relation to the charged properties.

IN WITNESS whereof the Transferor has caused this Transfer to be executed as its Deed on its behalf the day and year first before written.

Executed by: [Paragon Mortgages Limited/Mortgage Trust Limited]

as its deed as follows:

Signed for and on its behalf by one of its duly authorised attorneys

By:

Name:

Title: Attorney

Signature:

Witness

Name:

Occupation:

Address:

Executed by: Paragon Mortgages (No.10) PLC

as its deed as follows:

Signed for and on its behalf by one of its duly authorised attorneys

By:

Name: Adem Mehmet

Title: Attorney

Signature:

Witness

Name:

Occupation:

Address:

[Executed by:

**[Paragon Mortgages Limited/Mortgage Trust
Services plc]**

as its deed as follows:

Signed for and on its behalf by one of its
duly authorised attorneys

By:

Name:

Title: Attorney

Signature:

Witness

Name:

Occupation:

Address:]

ANNEXURE

SCHEDULE 5

POWER OF ATTORNEY

Part A – Paragon Mortgages Limited Power of Attorney

THIS POWER OF ATTORNEY is made by way of Deed on [•] 2005

BY:

- (1) **PARAGON MORTGAGES LIMITED** whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Donor**"),

IN FAVOUR OF:

- (2) **PARAGON MORTGAGES (NO.10) PLC** whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Issuer**", which term where the context permits shall include its successors and permitted assigns);
- (3) **CITICORP TRUSTEE COMPANY LIMITED** whose registered office is at Citigroup Centre, 14th Floor, Canada Square, Canary Wharf, London E14 5LB (the "**Trustee**", which term where the context permits shall include such company and all other persons or companies for the time being acting as the trustee or trustees under the Trust Deed (as defined in the Deed of Charge referred to below));
- (4) **PARAGON FINANCE PLC** whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (in its capacity as an "**Administrator**"); and
- (5) **MORTGAGE TRUST SERVICES PLC** whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (in its capacity as an "**Administrator**").

WHEREAS:

- (A) The Issuer has agreed to purchase several mortgages, Standard Securities, charges and securities from time to time as provided in the Mortgage Sale Agreement.
- (B) The Donor is or may become (or is entitled to be or may become entitled to be) the legal owner of the said several mortgages, Standard Securities, charges and securities (each such mortgage, Standard Security, charge or security being hereinafter called a "**Charge**").
- (C) By a deed of sub-charge and assignment dated 17 November 2005 and made between, among others, the Issuer, the Trustee, each Administrator and the Donor (the "**Deed of Charge**") the Issuer transferred or assigned in security or agreed to transfer or assign

in security to the Trustee, among other things, its rights in each Charge subject to the proviso for re-transfer therein contained.

- (D) At the request of the Issuer, the Trustee and each Administrator, the Donor has agreed to enter into these presents for the purposes hereinafter appearing.

NOW THIS DEED WITNESSETH that the Donor **HEREBY APPOINTS** the Issuer, the Trustee and each Administrator severally to be its true and lawful attorney (with power to sub-delegate) for it and in its name to do the following acts and things or any of them for so long only as the Donor remains the legal owner of the Charges:

- (i) to exercise the rights, powers and discretion under such Charge (including the right to fix the rate or rates of interest payable under such Charge and to calculate the Monthly Payments or Net Monthly Payments as the case may be (being of combined interest and principal) payable by the Borrower in the case of a Repayment Mortgage) and any collateral security therefor and any related rights;
- (ii) to exercise all the powers exercisable by the Donor by reason of its remaining for the time being the legal owner of such Charge and in particular, but without prejudice to the generality of the foregoing, to make further advances to the Borrower;
- (iii) to demand, sue for and receive all moneys due or payable under such Charge or any such collateral security or related rights;
- (iv) upon payment of such moneys or of any part thereof to give good receipts and discharges for the same and to execute such receipts releases re-assignments retrocessions surrenders instruments and deeds as may be requisite or advisable;
- (v) from time to time to substitute and appoint severally one or more attorney or attorneys for all or any of the purposes aforesaid;
- (vi) to do and complete all such acts and things and to execute any deeds and documents as may be necessary to perfect the title of the Issuer to any Charge including the execution of transfers and assignments of the Charges and, where relevant, procuring the registration of the Issuer as registered proprietor of any Charge at the Land Registry or registered owner of any Charge at the Land Registry of Northern Ireland or the Registry of Deeds, Belfast or the registration or recording of the Issuer as heritable creditor of any Charge at Registers of Scotland;
- (vii) to deal with the funds standing to the credit of the Collection Accounts in accordance with the provisions of the Relevant Documents but subject to the terms of the Collection Account Declarations of Trust; and
- (viii) (in relation to the Trustee and the Administrator acting as Attorney under this sub-clause (viii) only) to execute under hand or seal any instrument necessary or expedient to discharge, vacate or release;

- (a) any and every mortgage or Standard Security assigned or transferred to the Issuer by the Donor under a mortgage sale agreement dated the same date as this Power of Attorney between, among others, the Donor, the Warehouser, the Issuer and the Trustee (the "Mortgage Sale Agreement"); and
- (b) any and every Charge over real or heritable or personal or moveable property now or in the future assigned or transferred to the Issuer by the Donor,

in such form as the Trustee or the Administrator acting as Attorney in relation to this sub-clause (viii) shall consider appropriate,

AND the Donor hereby agrees at all times hereafter to ratify and confirm whatsoever any act matter or deed any attorney or substitute shall lawfully do or cause to be done under or concerning these presents,

AND the Donor hereby declares that these presents having been given for security purposes and to secure a continuing obligation the powers hereby created shall be irrevocable.

Terms defined in the Administration Agreement (as defined in the Deed of Charge) have the same meanings when used in this Deed.

AND this Deed is governed by, and shall be construed in accordance with, the laws of England.

IN WITNESS whereof the Donor has caused this Power of Attorney to be executed as a Deed on its behalf the day and year first before written.

Executed by: **Paragon Mortgages Limited**

as its deed as follows:

Signed for and on its behalf by one of its duly authorised attorneys

By:
Name:
Title: Attorney

Signature:
Witness

Name:
Occupation:
Address:

Part B – Mortgage Trust Limited Power of Attorney

THIS POWER OF ATTORNEY is made by way of Deed on [•] 2005

BY:

- (1) **MORTGAGE TRUST LIMITED** whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Donor**"),

WITH THE CONSENT OF:

- (2) **MORTGAGE TRUST SERVICES PLC** whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE ("**MTS**")

IN FAVOUR OF:

- (3) **PARAGON MORTGAGES (NO.10) PLC** whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Issuer**", which term where the context permits shall include its successors and permitted assigns);
- (4) **CITICORP TRUSTEE COMPANY LIMITED** whose registered office is at Citigroup Centre, 14th Floor, Canada Square, Canary Wharf, London E14 5LB (the "**Trustee**", which term where the context permits shall include such company and all other persons or companies for the time being acting as the trustee or trustees under the Trust Deed (as defined in the Deed of Charge referred to below));
- (5) **PARAGON FINANCE PLC** whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (in its capacity as an "**Administrator**"); and
- (6) **MORTGAGE TRUST SERVICES PLC** whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (in its capacity as an "**Administrator**").

WHEREAS:

- (A) The Issuer has agreed to purchase several mortgages, standard securities, charges and securities from time to time as provided in the Mortgage Sale Agreement.
- (B) The Donor is or may become (or is entitled to be or may become entitled to be) the legal owner of the said several mortgages, Standard Securities, charges and securities (each such mortgage, Standard Security, charge or security being hereinafter called a "**Charge**").
- (C) By a deed of sub-charge and assignment dated 17 November 2005 and made between, among others, the Issuer, the Trustee, each Administrator, MTS and the Donor (the "**Deed of Charge**") the Issuer transferred or assigned in security or agreed to transfer

or assign in security to the Trustee, among other things, its rights in each Charge subject to the proviso for re-transfer therein contained.

- (D) At the request of the Issuer, the Trustee and each Administrator and with the consent of MTS, the Donor has agreed to enter into these presents for the purposes hereinafter appearing.

NOW THIS DEED WITNESSETH that the Donor **HEREBY APPOINTS** the Issuer, the Trustee and each Administrator severally to be its true and lawful attorney (with power to sub-delegate) for it and in its name to do the following acts and things or any of them for so long only as the Donor remains the legal owner of the Charges:

- (i) to exercise the rights, powers and discretion under such Charge (including the right to fix the rate or rates of interest payable under such Charge and to calculate the Monthly Payments or Net Monthly Payments as the case may be (being of combined interest and principal) payable by the Borrower in the case of a Repayment Mortgage) and any collateral security therefor and any related rights;
- (ii) to exercise all the powers exercisable by the Donor by reason of its remaining for the time being the legal owner of such Charge and in particular, but without prejudice to the generality of the foregoing, to make further advances to the Borrower;
- (iii) to demand, sue for and receive all moneys due or payable under such Charge or any such collateral security or related rights;
- (iv) upon payment of such moneys or of any part thereof to give good receipts and discharges for the same and to execute such receipts releases re-assignments retrocessions surrenders instruments and deeds as may be requisite or advisable;
- (v) from time to time to substitute and appoint severally one or more attorney or attorneys for all or any of the purposes aforesaid;
- (vi) to do and complete all such acts and things and to execute any deeds and documents as may be necessary to perfect the title of the Issuer to any Charge including the execution of transfers and assignments of the Charges and, where relevant, procuring the registration of the Issuer as registered proprietor of any Charge at the Land Registry or registered owner of any Charge at the Land Registry of Northern Ireland or the Registry of Deeds, Belfast or the registration or recording of the Issuer as heritable creditor of any Charge at Registers of Scotland;
- (vii) to deal with the funds standing to the credit of the Collection Accounts in accordance with the provisions of the Relevant Documents but subject to the terms of the Collection Account Declarations of Trust; and
- (viii) (in relation to the Trustee and the Administrator acting as Attorney under this sub-clause (viii) only) to execute under hand or seal any instrument necessary or expedient to discharge, vacate or release;

- (a) any and every mortgage or Standard Security assigned or transferred to the Issuer by the Donor under a mortgage sale agreement dated the same date as this Power of Attorney between, among others the Donor, the Warehouser, the Issuer and the Trustee (the "**Mortgage Sale Agreement**"); and
- (c) any and every Charge over real or heritable or personal or moveable property now or in the future assigned or transferred to the Issuer by the Donor,

in such form as the Trustee or the Administrator acting as Attorney in relation to this sub-clause (viii) shall consider appropriate,

AND the Donor hereby agrees at all times hereafter to ratify and confirm whatsoever any act matter or deed any attorney or substitute shall lawfully do or cause to be done under or concerning these presents,

AND the Donor hereby declares that these presents having been given for security purposes and to secure a continuing obligation the powers hereby created shall be irrevocable.

Terms defined in the Administration Agreement (as defined in the Deed of Charge) have the same meanings when used in this Deed.

AND this Deed is governed by, and shall be construed in accordance with, the laws of England.

IN WITNESS whereof the Donor has caused this Power of Attorney to be executed as a Deed on its behalf the day and year first before written.

Executed by: **Mortgage Trust Limited**

as its deed as follows:

Signed for and on its behalf by one of its duly authorised attorneys

By:
Name:
Title: Attorney

Signature:
Witness

Name:
Occupation:
Address:

Executed by: **Mortgage Trust Services plc**

as its deed as follows:

Signed for and on its behalf by one of its duly authorised attorneys

By:

Name:
Title: Attorney

Signature:

Witness

Name:
Occupation:
Address:



Part C – Mortgage Trust Services plc Power of Attorney

THIS POWER OF ATTORNEY is made by way of Deed on [•] 2005

BY:

- (1) **MORTGAGE TRUST SERVICES PLC** whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Donor**"),

IN FAVOUR OF:

- (2) **PARAGON MORTGAGES (NO.10) PLC** whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Issuer**", which term where the context permits shall include its successors and permitted assigns);
- (3) **CITICORP TRUSTEE COMPANY LIMITED** whose registered office is at Citigroup Centre, 14th Floor, Canada Square, Canary Wharf, London E14 5LB (the "**Trustee**", which term where the context permits shall include such company and all other persons or companies for the time being acting as the trustee or trustees under the Trust Deed (as defined in the Deed of Charge referred to below));
- (4) **PARAGON FINANCE PLC** whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (in its capacity as an "**Administrator**"); and
- (5) **MORTGAGE TRUST SERVICES PLC** whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (in its capacity as an "**Administrator**").

WHEREAS:

- (A) The Issuer has agreed to purchase several mortgages, Standard Securities, charges and securities from time to time as provided in the Mortgage Sale Agreement.
- (B) The Donor is or may become (or is entitled to be or may become entitled to be) the legal owner of the said several mortgages, Standard Securities, charges and securities (each such mortgage, Standard Security, charge or security being hereinafter called a "**Charge**").
- (C) By a deed of sub-charge and assignment dated 17 November 2005 and made between, among others, the Issuer, the Trustee, each Administrator and the Donor (the "**Deed of Charge**") the Issuer transferred or assigned in security or agreed to transfer or assign in security to the Trustee, among other things, its rights in each Charge subject to the proviso for re-transfer therein contained.
- (D) At the request of the Issuer, the Trustee and each Administrator, the Donor has agreed to enter into these presents for the purposes hereinafter appearing.

NOW THIS DEED WITNESSETH that the Donor **HEREBY APPOINTS** the Issuer, the Trustee and each Administrator severally to be its true and lawful attorney (with power to sub-delegate) for it and in its name to do the following acts and things or any of them for so long only as the Donor remains the legal owner of the Charges:

- (i) to exercise the rights, powers and discretion under such Charge (including the right to fix the rate or rates of interest payable under such Charge and to calculate the Monthly Payments or Net Monthly Payments as the case may be (being of combined interest and principal) payable by the Borrower in the case of a Repayment Mortgage) and any collateral security therefor and any related rights;
- (ii) to exercise all the powers exercisable by the Donor by reason of its remaining for the time being the legal owner of such Charge and in particular, but without prejudice to the generality of the foregoing, to make further advances to the Borrower;
- (iii) to demand, sue for and receive all moneys due or payable under such Charge or any such collateral security or related rights;
- (iv) upon payment of such moneys or of any part thereof to give good receipts and discharges for the same and to execute such receipts releases re-assignments retrocessions surrenders instruments and deeds as may be requisite or advisable;
- (v) from time to time to substitute and appoint severally one or more attorney or attorneys for all or any of the purposes aforesaid;
- (vi) to do and complete all such acts and things and to execute any deeds and documents as may be necessary to perfect the title of the Issuer to any Charge including the execution of transfers and assignments of the Charges and, where relevant, procuring the registration of the Issuer as registered proprietor of any Charge at the Land Registry or registered owner of any Charge at the Land Registry of Northern Ireland or the Registry of Deeds, Belfast or the registration or recording of the Issuer as heritable creditor of any Charge at Registers of Scotland;
- (vii) to deal with the funds standing to the credit of the Collection Accounts in accordance with the provisions of the Relevant Documents but subject to the terms of the Collection Account Declarations of Trust; and
- (viii) (in relation to the Trustee and the Administrator acting as Attorney under this sub-clause (viii) only) to execute under hand or seal any instrument necessary or expedient to discharge, vacate or release:
 - (a) any and every mortgage or Standard Security assigned or transferred to the Issuer by the Donor under a mortgage sale agreement dated the same date as this Power of Attorney between, among others, the Donor, the Warehouse, the Issuer and the Trustee (the "**Mortgage Sale Agreement**"); and
 - (b) any and every Charge over real or heritable or personal or moveable property now or in the future assigned or transferred to the Issuer by the Donor,

in such form as the Trustee or the Administrator acting as Attorney in relation to this sub-clause (viii) shall consider appropriate,

AND the Donor hereby agrees at all times hereafter to ratify and confirm whatsoever any act matter or deed any attorney or substitute shall lawfully do or cause to be done under or concerning these presents,

AND the Donor hereby declares that these presents having been given for security purposes and to secure a continuing obligation the powers hereby created shall be irrevocable.

Terms defined in the Administration Agreement (as defined in the Deed of Charge) have the same meanings when used in this Deed.

AND this Deed is governed by, and shall be construed in accordance with, the laws of England.

IN WITNESS whereof the Donor has caused this Power of Attorney to be executed as a Deed on its behalf the day and year first before written.

Executed by: **Mortgage Trust Services plc**

as its deed as follows:

Signed for and on its behalf by one of its duly authorised attorneys

By:
Name:
Title: Attorney

Signature:

Witness

Name:
Occupation:
Address:

SCHEDULE 6
SLR TRANSFER

Part A – Paragon Mortgages Limited SLR Transfer

We, **PARAGON MORTGAGES LIMITED**, incorporated under the Companies Acts in England (Number 2337854) and having our registered office at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Transferor**") CONSIDERING that in terms of a mortgage sale agreement among us, the Transferor and others dated 17 November 2005 (the "**Mortgage Sale Agreement**") we have sold the Standard Securities and others hereinafter mentioned to **PARAGON MORTGAGES (NO.10) PLC**, incorporated under the Companies Acts in England (Number 04514738) and having its registered office at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Transferee**") NOW THEREFORE we the Transferor HEREBY in implement *pro tanto* of the Mortgage Sale Agreement and for the consideration therein specified ASSIGN to the Transferee:

(ONE) the Standard Securities granted by the respective parties whose names are specified in Column 2 of the Schedule annexed and executed as relative hereto in favour of us the Transferor for all sums due and to become due, to the extent of the respective amounts specified in the relative entry in Column 5 of the said Schedule being the amounts now due under the said Standard Securities, registered said respective Standard Securities in the Land Register under the Title Number specified in the relative entry in Column 3 of the said Schedule on the date specified in the relative entry in Column 4 of the said Schedule; and

(TWO) the whole right, title and interest of us the Transferor in and under all personal bonds, credit agreements or agreements for loan (howsoever constituted) granted or entered into by the said respective parties whose names are specified in Column 2 of the said Schedule and secured by the said Standard Securities;

With interest from and also arrears and accumulations of interest due and unpaid (except as specified in the Mortgage Sale Agreement) as at 17 November 2005, notwithstanding the date hereof; And we, the Transferor, grant warrandice:

IN WITNESS WHEREOF these presents typewritten on this [and the preceding] page are together with the Schedule annexed hereto executed at [London] on [____] as follows:

SUBSCRIBED for and on behalf of the
said

PARAGON MORTGAGES LIMITED

By:
Name:
Title: Director

and

By:
Name:
Title: Director/Secretary

**Schedule referred to in the foregoing Assignment
by Paragon Mortgages Limited
in favour of Paragon Mortgages (No.10) PLC**

1	2	3	4	5
Account No.	Borrowers	Title No.	Registration Date	Current Balance

Part B
Mortgage Trust Limited SLR Transfer

We, **MORTGAGE TRUST LIMITED**, incorporated under the Companies Acts in England (Number 2048895) and having our registered office at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Transferor**") CONSIDERING that we sold the Standard Securities and others hereinafter mentioned to **MORTGAGE TRUST SERVICES PLC** (Number 3940202) whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE ("**MTS**") FURTHER CONSIDERING that in terms of a mortgage sale agreement among us, the Transferor and others dated 17 November 2005 (the "**Mortgage Sale Agreement**") MTS has, without taking legal title thereto, sold the Standard Securities and others hereinafter mentioned to **PARAGON MORTGAGES (NO.10) PLC**, incorporated under the Companies Acts in England (Number 04514738) and having its registered office at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Transferee**") NOW THEREFORE we the Transferor at the request and with the concurrence of MTS (in its capacity as Seller) for its right, title and interest in and to the said Standard Securities and others IN CONSIDERATION of the sums payable in terms of and in implement *pro tanto* of the Mortgage Sale Agreement HEREBY ASSIGN to the Transferee:

- (ONE) the Standard Securities granted by the respective parties whose names are specified in Column 2 of the Schedule annexed and executed as relative hereto in favour of us the Transferor for all sums due and to become due, to the extent of the respective amounts specified in the relative entry in Column 5 of the said Schedule being the amounts now due under the said Standard Securities, registered said respective Standard Securities in the Land Register under the Title Number specified in the relative entry in Column 3 of the said Schedule on the date specified in the relative entry in Column 4 of the said Schedule; and
- (TWO) the whole right, title and interest of us the Transferor in and under all personal bonds, credit agreements or agreements for loan (howsoever constituted) granted or entered into by the said respective parties whose names are specified in Column 2 of the said Schedule and secured by the said Standard Securities;

With interest from and also arrears and accumulations of interest due and unpaid (except as specified in the Mortgage Sale Agreement) as at 17 November 2005, notwithstanding the date hereof; And we, the Transferor, grant warrandice to MTS; And MTS grants warrandice.

IN WITNESS WHEREOF these presents typewritten on this [and the preceding] page are together with the Schedule annexed hereto executed at [London] on [] as follows:

**SUBSCRIBED for and on behalf of the
said**

MORTGAGE TRUST LIMITED

By:
Name:
Title: Director

and

By:
Name:
Title: Director/Secretary

**SUBSCRIBED for and on behalf of the
said**

MORTGAGE TRUST SERVICES PLC

By:
Name:
Title: Director

and

By:
Name:
Title: Director/Secretary

**Schedule referred to in the foregoing Assigantion
by Mortgage Trust Limited with the consent of
Mortgage Trust Services plc
in favour of Paragon Mortgages (No.10) PLC**

1	2	3	4	5
Account No.	Borrowers	Title No.	Registration Date	Current Balance

[Note: Last page of schedule to be signed by each signatory]

SCHEDULE 7
SASINE REGISTER TRANSFER

Part A - Paragon Mortgages Limited Sasine Register Transfer

We, **PARAGON MORTGAGES LIMITED**, incorporated under the Companies Acts in England (Number 2048895) and having our registered office at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Transferor**") CONSIDERING that in terms of a mortgage sale agreement among us, the Transferor and others dated 17 November 2005 (the "**Mortgage Sale Agreement**") we have sold the Standard Securities and others hereinafter mentioned to **PARAGON MORTGAGES (NO.10) PLC**, incorporated under the Companies Acts in England (Number 04514738) and having its registered office at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Transferee**") NOW THEREFORE we the Transferor HEREBY in implement *pro tanto* of the Mortgage Sale Agreement and for the consideration therein specified ASSIGN to the Transferee:

(ONE) the Standard Securities granted by the respective parties whose names are specified in Column 2 of the Schedule annexed and executed as relative hereto in favour of us the Transferor for all sums due and to become due, to the extent of the respective amounts specified in the relative entry in Column 5 of the said Schedule being the amounts now due under the said respective Standard Securities, recorded said respective Standard Securities in the Division of the General Register of Sasines for the County specified in the relative entry in Column 3 of the said Schedule on the date specified in the relative entry in Column 4 of the said Schedule; and

(TWO) the whole right, title and interest of us the Transferor in and under all personal bonds, credit agreements or agreements for loan (howsoever constituted) granted or entered into by the said respective parties whose names are specified in Column 2 of the said Schedule and secured by the said Standard Securities.

With interest from and also arrears and accumulations of interest due and unpaid (except as specified in the Mortgage Sale Agreement) as at 17 November 2005, notwithstanding the date hereof; And we, the Transferor, grant warrandice.

IN WITNESS WHEREOF these presents typewritten on this [and the preceding] page are together with the Schedule annexed hereto executed at [London] on the [] as follows:

**SUBSCRIBED for and on behalf of
the said PARAGON MORTGAGES LIMITED**

by

Name:

Title: Director

and by:

Name:

Title: Director/Secretary



**Schedule referred to in the foregoing Assignment
by Paragon Mortgages Limited
in favour of Paragon Mortgages (No.10) PLC**

1	2	3	4	5
Account No.	Borrowers	County	Recording Date	Current Balance

Part B – Mortgage Trust Limited Sasine Register Transfer

We, **MORTGAGE TRUST LIMITED**, incorporated under the Companies Acts in England (Number 2048895) and having our registered office at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Transferor**") CONSIDERING that we sold the Standard Securities and others hereinafter mentioned to **MORTGAGE TRUST SERVICES PLC** (Number 3940202) whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE ("**MTS**") FURTHER CONSIDERING that in terms of a mortgage sale agreement among us, the Transferor and others dated 17 November 2005 (the "**Mortgage Sale Agreement**") MTS has, without taking legal title thereto, sold the Standard Securities and others hereinafter mentioned to **PARAGON MORTGAGES (NO.10) PLC**, incorporated under the Companies Acts in England (Number 04514738) and having its registered office at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Transferee**") NOW THEREFORE we the Transferor at the request and with the concurrence of MTS (in its capacity as Seller) for its right, title and interest in and to the said Standard Securities and others IN CONSIDERATION of the sums payable in terms of and in implement pro tanto of the Mortgage Sale Agreement HEREBY ASSIGN to the Transferee:

(ONE) the Standard Securities granted by the respective parties whose names are specified in Column 2 of the Schedule annexed and executed as relative hereto in favour of us the Transferor for all sums due and to become due, to the extent of the respective amounts specified in the relative entry in Column 5 of the said Schedule being the amounts now due under the said respective Standard Securities, recorded said respective Standard Securities in the Division of the General Register of Sasines for the County specified in the relative entry in Column 3 of the said Schedule on the date specified in the relative entry in Column 4 of the said Schedule; and

(TWO) the whole right, title and interest of us the Transferor in and under all personal bonds, credit agreements or agreements for loan (howsoever constituted) granted or entered into by the said respective parties whose names are specified in Column 2 of the said Schedule and secured by the said Standard Securities.

With interest from and also arrears and accumulations of interest due and unpaid (except as specified in the Mortgage Sale Agreement) as at 17 November 2005, notwithstanding the date hereof; And we, the Transferor, grant warrandice to MTS; And MTS grants warrandice:

IN WITNESS WHEREOF these presents typewritten on this [and the preceding] page are together with the Schedule annexed hereto executed at [London] on the [] as follows:

**SUBSCRIBED for and on behalf of the
said**

MORTGAGE TRUST LIMITED

By:
Name:
Title: Director

And

By:
Name:
Title: Director/Secretary

**SUBSCRIBED for and on behalf of the
said**

MORTGAGE TRUST SERVICES PLC

By:
Name:
Title: Director

and

By:
Name:
Title: Director/Secretary

**Schedule referred to in the foregoing Assignment
by Mortgage Trust Limited with the consent of
Mortgage Trust Services plc
in favour of Paragon Mortgages (No.10) PLC**

1	2	3	4	5
Account No.	Borrowers	County	Recording Date	Current Balance

SCHEDULE 8
SCOTTISH DECLARATIONS OF TRUST

Part A – Paragon Mortgages Limited Declaration of Trust

DECLARATION OF TRUST

by

PARAGON MORTGAGES LIMITED, incorporated under the Companies Acts in England (Number 2337854) and having its registered office at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Originator**")

in favour of

PARAGON MORTGAGES (NO.10) PLC, incorporated under the Companies Acts in England (Number 04514738) and having its registered office at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Issuer**")

WHEREAS

- (A) Legal title to the Scottish Trust Property aftermentioned is held by and vested in the Originator;
- (B) In terms of a mortgage sale agreement entered into among the Originator, the Issuer, Citicorp Trustee Company Limited (the "**Trustee**") and others dated 17 November 2005 (the "**Mortgage Sale Agreement**") the Originator agreed to sell and the Issuer has agreed to purchase *inter alia* the said Scottish Trust Property; and
- (C) In implement *pro tanto* of the Mortgage Sale Agreement the Originator has undertaken to grant this deed pending the taking of full legal title by the Issuer to the said Scottish Trust Property in accordance with the provisions of an administration agreement entered into among the Originator, the Issuer and others dated 17 November 2005 (the "**Administration Agreement**"):

NOW THEREFORE the parties **HEREBY AGREE AND DECLARE** as follows:

Interpretation

1. In this deed:
 - (a) words and expressions shall (except where expressed to the contrary herein) have the same meanings respectively ascribed to them in the Mortgage Sale Agreement and in the Administration Agreement; and
 - (b) "**Scottish Trust Property**" shall mean the Scottish Mortgages, brief particulars of which are detailed in the Schedule annexed and executed as relative hereto, and all principal, interest and expenses, including all further

advances present and future, comprised therein and secured thereby, together with:

- (i) the whole matters pertaining thereto specified and referred to in clause 3.2(A) of the Mortgage Sale Agreement; and
- (ii) the collateral security present and future for such Scottish Mortgages; and
- (iii) all monies, rights, interest, benefits and others pertaining thereto or deriving therefrom; and
- (iv) all powers and remedies for enforcing the same; and
- (v) all proceeds of sale deriving therefrom in the event of the enforcement of any of the Scottish Mortgages.

Declaration of Trust

2. The Originator hereby DECLARES that from and after the date hereof it holds and, subject to clause 6 hereof, shall henceforth hold the Scottish Trust Property and its whole right, title and interest, present and future, therein and thereto in trust absolutely for the Issuer and its assignees (whether absolutely or in security) whomsoever.

Intimation

3. The Originator hereby intimates to the Issuer the coming into effect of the trust hereby declared and created and the Issuer by its execution hereof immediately subsequent to the execution of this deed by the Originator acknowledges such intimation.

Dealings with Scottish Trust Property and Negative Pledge

4. The Originator warrants and undertakes that:
 - (i) as at the date hereof, it holds legal title to the Scottish Trust Property unencumbered by any fixed or floating charge, diligence or other Security Interest;
 - (ii) it shall not create or agree to create any fixed or floating charge or other Security Interest over or which may attach to or affect the whole or any part of the Scottish Trust Property or otherwise dispose of the same at any time when such property or part thereof remains subject to the trust hereby created; and
 - (iii) it shall deal with the Scottish Trust Property (including without prejudice to said generality the setting of any interest rate applicable thereto) in accordance with the provisions of the Mortgage Sale Agreement and the Administration Agreement and the specific written instructions (if any) of the Issuer and its foresaids and shall take, subject to clause 6 hereof, any such action as may be

necessary (including for the avoidance of doubt the raising or defending of any proceedings in any court of law whether in Scotland or elsewhere) to secure or protect the title to the Scottish Trust Property, but only in accordance with the specific written instructions (if any) of the Issuer and its foresaids.

Power of Beneficiary

5. The provisions of clauses 8.5 and 15 of the Mortgage Sale Agreement shall be deemed to be incorporated herein in so far as the same pertain to the Scottish Trust Property and during the continuance of the trust hereby declared and created the Issuer as beneficiary hereunder shall have the benefit of all rights and powers thereby conferred, including without limitation the right (subject to the provisions of the Administration Agreement) to call upon the Originator to execute and deliver to the Issuer valid assignments of the Scottish Trust Property or any part thereof, and that notwithstanding the winding up of the Originator, or the Originator entering administration, or the appointment of any receiver to all or any part of the Scottish Trust Property, and for further assuring the said rights and powers the Originator undertakes forthwith to execute and deliver to the Issuer a power of attorney substantially in the form set out in Part A of Schedule 5 to the Mortgage Sale Agreement.

Termination of Trust

6. If:
- (i) legal title to any part or parts of the Scottish Trust Property is taken by the Issuer or its foresaids in accordance with the provisions of clause 4.4.2 of the Administration Agreement (which in the case of any Scottish Mortgage shall be constituted by the registration or recording of the title thereto of the Issuer or its foresaids at Registers of Scotland); or
 - (ii) any part or parts of the Scottish Trust Property forms the subject of a repurchase in accordance with the terms of clause 8 of the Mortgage Sale Agreement,

the trust hereby declared and created shall (but only when either of the events or transactions before stated has been completed irrevocably, validly and in full) *ipso facto* fall and cease to be of effect in respect of such part or parts of the Scottish Trust Property but shall continue in full force and effect in respect of the whole remainder (if any) of the Scottish Trust Property.

Change of Trustee

7. Except with the prior written consent of the Issuer and (for so long as it retains any right or interest in the Scottish Trust Property) the Trustee, the Originator shall not be entitled to resign office as a trustee or assume a new trustee or trustees under this deed.

Variation

- 8. This deed and the trust hereby declared and created shall not be varied in any respect without the consent in writing of the Issuer and (for so long as it retains any right or interest in the Scottish Trust Property) the Trustee.

Assignment

- 9. The Issuer shall be entitled to assign (in security) in favour of the Trustee pursuant to the deed of sub-charge and assignment to be entered into among the Issuer, the Trustee and others on or after the date hereof its rights and interests under this deed and the trust hereby declared and created, and the Originator hereby undertakes, in the event of any such assignment being made by the Issuer, to execute and deliver all deeds and documents necessary for the purposes of receiving and acknowledging intimation of such assignment.

Governing Law

- 10. This deed shall be governed by and construed in accordance with the law of Scotland and each of the parties hereby prorogates the non-exclusive jurisdiction of the Scottish Courts so far as not already subject thereto and waives any right or plea of *forum non conveniens* in respect of such jurisdiction.

Registration

- 11. The parties hereto consent to the registration of these presents for preservation.

IN WITNESS WHEREOF these presents typewritten on this and the preceding [three] pages are together with the Schedule annexed hereto executed at London on 17 November 2005 as follows:

**SUBSCRIBED for and on behalf of the said
PARAGON MORTGAGES LIMITED**

By:.....

Name:

Title: Attorney

Signature.....

Witness

Name:

Occupation:

Address:

**SUBSCRIBED for and on behalf of the said
PARAGON MORTGAGES (NO.10) PLC**

By:

Name:

Title: Attorney

Signature.....

Witness

Name:

Occupation:

Address:



**Schedule referred to in the foregoing Declaration of Trust
by Paragon Mortgages Limited in favour of
PARAGON MORTGAGES (NO.10) PLC**

1	2	3	4	5
Account No.	Name	Address of Property	Title No./County	Balance

Part B - Mortgage Trust Limited Declaration of Trust**DECLARATION OF TRUST**

by

MORTGAGE TRUST LIMITED, incorporated under the Companies Acts in England (Number 2048895) and having its registered office at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Originator**")

with the consent of

MORTGAGE TRUST SERVICES PLC, incorporated under the Companies Acts in England (Number 3940202) and having its registered office at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE ("**MTS**")

in favour of

PARAGON MORTGAGES (NO.10) PLC, incorporated under the Companies Acts in England (Number 04514738) and having its registered office at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Issuer**")

WHEREAS

- (A) Legal title to the Scottish Trust Property aftermentioned is held by and vested in the Originator;
- (B) MTS, without completing title thereto, purchased the said Scottish Trust Property from the Originator;
- (C) In terms of a mortgage sale agreement entered into among the Originator, the Issuer, Citicorp Trustee Company Limited (the "**Trustee**") and others dated 17 November 2005 (the "**Mortgage Sale Agreement**") MTS agreed to sell and the Issuer has agreed to purchase *inter alia* the said Scottish Trust Property; and
- (D) In implement *pro tanto* of the Mortgage Sale Agreement the Originator has undertaken at the request of MTS (in its capacity as Seller) to grant this deed pending the taking of full legal title by the Issuer to the said Scottish Trust Property in accordance with the provisions of an administration agreement entered into among the Originator, the Issuer and others dated 17 November 2005 (the "**Administration Agreement**"):

NOW THEREFORE the parties **HEREBY AGREE AND DECLARE** as follows:

Interpretation

- 1. In this deed:

- (a) words and expressions shall (except where expressed to the contrary herein) have the same meanings respectively ascribed to them in the Mortgage Sale Agreement and in the Administration Agreement; and
- (b) "**Scottish Trust Property**" shall mean the Scottish Mortgages, brief particulars of which are detailed in the Schedule annexed and executed as relative hereto, and all principal, interest and expenses, including all further advances present and future, comprised therein and secured thereby, together with:
 - (i) the whole matters pertaining thereto specified and referred to in clause 3.2(A) of the Mortgage Sale Agreement; and
 - (ii) the collateral security present and future for such Scottish Mortgages; and
 - (iii) all monies, rights, interest, benefits and others pertaining thereto or deriving therefrom; and
 - (iv) all powers and remedies for enforcing the same; and
 - (v) all proceeds of sale deriving therefrom in the event of the enforcement of any of the Scottish Mortgages.

Declaration of Trust

2. The Originator hereby DECLARES with the consent and concurrence of MTS (in its capacity as Seller) for their respective right, title and interest in and to the Scottish Trust Property that from and after the date hereof it holds and, subject to clause 6 below, shall henceforth hold the Scottish Trust Property and its whole right, title and interest, present and future, therein and thereto in trust absolutely for the Issuer and its assignees (whether absolutely or in security) whomsoever.

Intimation

3. The Originator hereby intimates to the Issuer the coming into effect of the trust hereby declared and created and the Issuer by its execution hereof immediately subsequent to the execution of this deed by the Originator acknowledges such intimation.

Dealings with Scottish Trust Property and Negative Pledge

4. The Originator and MTS (in its capacity as Seller) each warrant and undertake that:
 - (i) as at the date hereof, the Originator holds legal title to the Scottish Trust Property unencumbered by any fixed or floating charge, diligence or other Security Interest;
 - (ii) they shall not create or agree to create any fixed or floating charge or other Security Interest over or which may attach to or affect the whole or any part

of the Scottish Trust Property or otherwise dispose of the same at any time when such property or part thereof remains subject to the trust hereby created; and

- (iii) they shall deal with the Scottish Trust Property (including without prejudice to said generality the setting of any interest rate applicable thereto) in accordance with the provisions of the Mortgage Sale Agreement and the Administration Agreement and the specific written instructions (if any) of the Issuer and its foresaids and shall take, subject to clause 6 hereof, any such action as may be necessary (including for the avoidance of doubt the raising or defending of any proceedings in any court of law whether in Scotland or elsewhere) to secure or protect the title to the Scottish Trust Property, but only in accordance with the specific written instructions (if any) of the Issuer and its foresaids.

Power of Beneficiary

- 5. The provisions of clauses 8.5 and 15 of the Mortgage Sale Agreement shall be deemed to be incorporated herein in so far as the same pertain to the Scottish Trust Property and during the continuance of the trust hereby declared and created the Issuer as beneficiary hereunder shall have the benefit of all rights and powers thereby conferred, including without limitation the right (subject to the provisions of the Administration Agreement) to call upon the Originator and MTS (in its capacity as Seller) to execute and deliver to the Issuer valid assignments of the Scottish Trust Property or any part thereof, and that notwithstanding the winding up of the Originator or MTS (in its capacity as Seller) or the Originator or MTS (in its capacity as Seller) entering administration, or the appointment of any receiver to all or any part of the Scottish Trust Property, and for further assuring the said rights and powers the Originator undertakes forthwith to execute and deliver to the Issuer a power of attorney substantially in the form set out in Part B of Schedule 5 to the Mortgage Sale Agreement.

Termination of Trust

- 6. If:
 - (i) legal title to any part or parts of the Scottish Trust Property is taken by the Issuer or its foresaids in accordance with the provisions of clause 4.4.2 of the Administration Agreement (which in the case of any Scottish Mortgage shall be constituted by the registration or recording of the title thereto of the Issuer or its foresaids at Registers of Scotland); or
 - (ii) any part or parts of the Scottish Trust Property forms the subject of a repurchase in accordance with the terms of clause 8 of the Mortgage Sale Agreement,

the trust hereby declared and created shall (but only when either of the events or transactions before stated has been completed irrevocably, validly and in full) *ipso*

facto fall and cease to be of effect in respect of such part or parts of the Scottish Trust Property but shall continue in full force and effect in respect of the whole remainder (if any) of the Scottish Trust Property.

Repurchased Mortgages

7. The Originator hereby DECLARES that it shall hold any part or parts of the Scottish Trust Property that forms the subject of a repurchase in accordance with clause 8 of the Mortgage Sale Agreement and its whole right, title and interest, therein and thereto in trust absolutely for MTS and its assignees (whether absolutely or in security) whomsoever.

Change of Trustee

8. Except with the prior written consent of the Issuer and (for so long as it retains any right or interest in the Scottish Trust Property) the Trustee, the Originator shall not be entitled to resign office as a trustee or assume a new trustee or trustees under this deed.

Variation

9. This deed and the trust hereby declared and created shall not be varied in any respect without the consent in writing of the Issuer and (for so long as it retains any right or interest in the Scottish Trust Property) the Trustee.

Assignment

10. The Issuer shall be entitled to assign (in security) in favour of the Trustee pursuant to the deed of sub-charge and assignment to be entered into among the Issuer, the Trustee and others on or after the date hereof its rights and interests under this deed and the trust hereby declared and created, and the Originator and MTS hereby undertake, in the event of any such assignment being made by the Issuer, to execute and deliver all deeds and documents necessary for the purposes of receiving and acknowledging intimation of such assignment.

Governing Law

11. This deed shall be governed by and construed in accordance with the law of Scotland and each of the parties hereby prorogates the non-exclusive jurisdiction of the Scottish Courts so far as not already subject thereto and waives any right or plea of *forum non conveniens* in respect of such jurisdiction.

Registration

12. The parties hereto consent to the registration of these presents for preservation.

IN WITNESS WHEREOF these presents typewritten on this and the preceding [three] pages are together with the Schedule annexed hereto executed at London on 17 November 2005 as follows:

SUBSCRIBED for and on behalf of the said MORTGAGE TRUST LIMITED

By:

Name:

Title: Attorney

Signature:

Witness

Name:

Occupation:

Address:

SUBSCRIBED for and on behalf of the said MORTGAGE TRUST SERVICES PLC

By:

Name:

Title: Attorney

Signature:

Witness

Name:

Occupation:

Address:

SUBSCRIBED for and on behalf of the said PARAGON MORTGAGES (NO.10) PLC

By:

Name:

Title: Attorney

Signature:

Witness

Name:

Occupation:

Address:

**Schedule referred to in the foregoing Declaration of Trust by Mortgage Trust Limited
with the consent of Mortgage Trust Services plc in favour of Paragon Mortgages (No.10)
PLC**

Account No.	Name	Address of Property	Title No./County	Balance
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[Note: Last page of schedule to be signed by each signatory]

SCHEDULE 9
LENDING GUIDELINES

The guidelines provided by the Originators, to help introducers of mortgage loan business to the Originators to assess the suitability of a potential borrower and of the security offered, set a standard in respect of the Mortgages which, at the time that any Mortgage was originated was not substantially different from the following (which although expressed in the present tense, should be read as applying at the time of origination). On occasions flexibility to the lending guidelines may have been applied for applications that may be outside of the guidelines detailed below. Such occasions are exceptional and when they occur approval of the case must be made by a senior underwriter and only made where there are other mitigating circumstances which ensure the application remains of the highest quality:

1. Personal Details

- 1.1 The maximum number of applicants who may be party to the mortgage is four.
- 1.2 All applicants must be a minimum of 18 years of age at completion.
- 1.3 The identity of each applicant or guarantor (where applicable) must be established in compliance with the current Joint Money Laundering Steering Group Guidance Notes.
- 1.4 Each borrower must be resident in the U.K. for tax purposes (except expatriate investment property applicants).

2. Mortgage Requirements

- 2.1 Applications in respect of a single investment home property will usually be limited in accordance with the following table: A.8.2.2.6

<i>Loan Size</i>	<i>Maximum LTV</i>
<i>Up to £500,000</i>	<i>85 per cent. Excluding fees</i>
<i>Up to £1,000,000</i>	<i>80 per cent. Excluding fees</i>
<i>Up to £5,000,000</i>	<i>75 per cent. Excluding Fees</i>

- 2.2 Multiple applications for investment home properties will be considered up to a total of £40,000,000 per borrower(s).

- 2.3 Applications in respect of a single owner occupied property will usually be limited as follows:

<i>Loan Size</i>	<i>Maximum LTV</i>
<i>Up to £500,000</i>	<i>100 per cent. Excluding fees</i>

cent. Including Jces

- 2.4 The maximum term for a loan is 40 years, the minimum is 5 years.
- 2.5 Loans may be taken on either a capital repayment or an interest only basis, or a combination of the two.
3. Property Details
- 3.1 Loans must be secured on residential property which, following a valuation by the relevant Originator's valuer or a valuer appointed to act on the relevant Originator's behalf, or in the case of a further advance application, an assessed valuation by reference to an applicable house price index, is considered to be suitable security.
- 3.2 The following are unacceptable to the Originators:
- Properties located other than in the U.K.
 - Freehold flats and maisonettes.
 - Properties designated under the Housing Act 1985 or the Housing (Scotland) Act 1987 or the Housing (Northern Ireland) Order 1983 (as amended).
 - Properties having agricultural restrictions.
- 3.3 The following will be considered by the Originators on an individual basis:
- Properties used for part commercial purposes.
 - Properties with adjoining land used for commercial purposes or having agricultural or other planning restrictions.
 - Properties on which buildings insurance is not available on block policy terms.
 - Flats directly attached to or directly above commercial premises.
 - Properties with an element of Flying Freehold.
 - Self-built properties (pre and post completion).
 - Local Authority Flats being purchased under the Right to Buy Scheme.
- 3.4 Properties under 10 years old must have the benefit of an NHBC Certificate or any other approved guarantee from an acceptable body. Architects' Certificates must also be provided for each stage of construction together with Local Authority approval in respect of properties under 10 years old that do not have the benefit of an NHBC

Certificate or other approved guarantee from an acceptable body. Similar requirements may be imposed for converted properties.

- 3.5 Where loans are required on properties which are not to be used for owner occupation, they may be let on an assured shorthold tenancy basis (or, in Scotland, a short assured tenancy or, in Northern Ireland, an agreement which confers similar rights as an assured shorthold tenancy) or in circumstances where the occupier (which may include a body corporate, a charitable institution or public sector body) has no statutory security of tenure. Where the occupier is a body corporate, the maximum length of lease will normally be for a period no longer than 3 years. Where the occupier is a charitable institution or public sector body, the maximum length of lease will normally be for a period no longer than 5 years.
- 3.6 Where the tenure of the property is leasehold, the minimum length of the lease at the end of the mortgage term must be 35 years.
- 3.7 All properties must be insured for a minimum of the reinstatement amount shown on the valuation report, under a comprehensive insurance policy. See "Insurance Coverage" below.
4. Credit History
 - 4.1 A credit search will be carried out in respect of all applicants which, except in respect of MTL's expatriate products, must show no evidence of adverse credit which is material to the assessment of the case. MTL cases will usually be credit scored, using a generic scorecard provided by a credit reference agency, for the assessment of an applicant's historical credit performance.
 - 4.2 Where the applicant(s) has an existing first charge or a first ranking Standard Security on a property(s)
 - 4.2.1 occupied by them, the Originators require satisfactory evidence of proof of payment. This may take the form of either a lender's reference, mortgage or bank statements or credit bureau information. This requirement may be waived for existing MTL borrowers where the LTV is 75 per cent. or less.
 - 4.2.2 not occupied by them, the Originator will (except for low risk non portfolio applications as detailed below) obtain either a lender's reference, mortgage or bank statements or credit bureau information on a sufficient number of properties to enable a satisfactory payment record to be established.
 - 4.3 Where credit scoring has been used, a combination of the score and the LTV will determine the level of references required. For standard applications with an LTV of 75 per cent. or less, and a credit score deemed to indicate a low risk applicant, a valuation report only may be obtained.
5. Income and Employment Details

5.1 Where income is based solely upon the rental income generated from the property to be mortgaged, the rental income must be a minimum of 120 per cent. of the associated mortgage payment when calculated on an interest only basis.

5.2 Salaried applicants must derive their income from permanent or contracted employment which, other than in exceptional circumstances, is non-probationary. The Originators will seek a reference from the applicant's current employer and any previous employers where this is considered appropriate.

In addition to the above, independent written verification of earnings may be required. This may include, for example, the latest or most recent P60 where this is considered appropriate.

5.3 Where an applicant is defined as self-employed (see 5.4 below), the Originators may require proof of income over an extended period of time where this is considered appropriate. Acceptable forms of proof of income include audited accounts, personal tax returns, bank statements, or an accountant's reference. Such proof will normally be expected to cover a two year period, but this may be reduced where the information submitted is deemed sufficient to establish a usable income figure.

5.4 Applicants are defined as self employed where any of the following circumstances occur unless the applicant can provide the Originator with proof that this is inappropriate:

- An applicant has a liability to tax under any schedule of H.M. Revenue & Customs criteria other than Schedule E (or anything that replaces Schedule E).
- An applicant owns 25 per cent. or more of the shares of the company providing their employment.
- An applicant is related to the family which owns the company providing their employment.

5.5 Where income is based upon self employed, salaried or contracted employment, the maximum residential loan available is calculated as follows:

- Single applicant - Up to $4.25 \times$ income
- Multiple applicants - Up to $4.25 \times$ 1st income plus $1 \times$ 2nd income
Up to $3.25 \times$ joint income

In calculating principal income, up to 50 per cent. of an applicant's regular overtime, bonus or commission may be taken into account, providing that the total overtime, bonus or commission used does not exceed 25 per cent. of the total earnings. Where appropriate, the Originator will also consider rental income from tenanted residential property as part of an applicant's principal income.

6. Corporate Mortgages

- 6.1 The applicant must be an unlisted limited liability company incorporated and trading under the laws of England and Wales or Scotland or Northern Ireland.
- 6.2 The Originator may request references and/or any other information deemed necessary in connection with an application (such as company accounts, corporate searches at Companies Registry, the computerised index of winding up petitions, the manual index of High Court petitions for administration orders at the Central Registry of Winding Up Petitions, etc.).

SCHEDULE 10
FORM OF SOLVENCY CERTIFICATE

**[Paragon Mortgages (No.10) PLC /Paragon Mortgages Limited
/Paragon Second Funding Limited / Mortgage Trust Services plc/ Mortgage Trust
Limited]**

(registered in England and Wales under no. [____])
Registered Office: St. Catherine's Court, Herbert Road, Solihull,
West Midlands, B91 3QE

[•] 2005

SOLVENCY CERTIFICATE

The Directors of [Paragon Mortgages (No.10) PLC/ Paragon Mortgages Limited / Paragon Second Funding Limited / Mortgage Trust Services plc/Mortgage Trust Limited] (the "Company") are of the opinion that:

- (i) the Company is not unable to pay its debts within the meaning of Section 123 Insolvency Act 1986 and will not become unable to do so in consequence of entering into the Documents as defined in the Board Resolutions of the Company dated [____] (the "Transaction Documents") or of completing the sale of Mortgages on the date hereof pursuant to the Mortgage Sale Agreement included in the Transaction Documents (the "Sale") and there is no reason for believing that this state of affairs will not continue thereafter;
- (ii) the value of the consideration to be [received/paid] by the Company for entering into the Transaction Documents and completing the Sale is not significantly less than the value in money or monies worth or of the consideration provided by the Company;
- (iii) the Company is entering into the Transaction Documents and completing the Sale in good faith and for the purpose of carrying on its business;
- (iv) that the arrangements contemplated by the Transaction Documents and the Sale benefit the Company;
- (v) the value of the assets of the Company are now and will remain immediately after the completion of the Transaction Documents and the Sale greater than its liabilities, taking into account its prospective and contingent liabilities, at such times for the purposes of Sections 123(2) and 242 of the said Act (and for all other purposes) and there is no reason for believing that this state of affairs will not continue thereafter;
- (vi) the arrangements contemplated by the Transaction Documents and the Sale constitute reciprocal obligations of the Company with the other parties thereto for the purpose of section 243 of the Insolvency Act 1986 and Scottish common law and are not collusive with the purpose of prejudicing the general body of creditors of the Company;

- (vii) in entering into the Transaction Documents the Company is not influenced by a desire to give a preference to any person as contemplated by Section 239 of the Insolvency Act 1986; and
- (viii) to the best of their knowledge and belief, oral disclosure at the Central Registry of Winding-up Petitions on the date hereof failed to disclose the presentation of a winding-up petition, or the appointment of an administrator or any other material information.

Yours faithfully,

.....
Director

[Paragon Mortgages (No.10) PLC/ Paragon Mortgages Limited / Paragon Second Funding Limited / Mortgage Trust Services plc/Mortgage Trust Limited]

SCHEDULE 11
REGISTERED TRANSFER - NORTHERN IRELAND

Form of Transfer of Charges

THE LAND REGISTRY OF NORTHERN IRELAND

Folio Number: As listed in Column 1 of the Schedule

County: As listed in Column 2 of the Schedule

Property Description: As listed in Column 6 of the Schedule

Registered Owner of Mortgage Trust Limited
 Charge:

THIS TRANSFER OF CHARGES is made the [] day of [] 2005

BETWEEN:

1. **MORTGAGE TRUST LIMITED** (a company registered in England and Wales having Number 2048895) whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "Transferor") of the one part; and
2. **PARAGON MORTGAGES (NO.10) PLC** (a company registered in England and Wales having Number 04514738) whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "Transferee") of the other part,

WHEREAS:

- A. By the charges (the "Charges") brief particulars of which are set out in the Schedule to this Deed, the properties (the "Properties") brief particulars of which are set out in the Schedule to this deed became security for the repayment of the amounts therein mentioned.
- B. Pursuant to a mortgage sale agreement dated 17 November 2005 made between among others, the Transferee and Transferor, (the "**Mortgage Sale Agreement**"), the Transferor has agreed to sell and the Transferee has agreed to buy all rights, title, interest, benefit and obligation (both present and future) of the Transferor in and under the Charges for the consideration hereinafter mentioned.

NOW THIS DEED WITNESSETH as follows:

In consideration of the payment by the Transferee of the purchase price therefor pursuant to the Mortgage Sale Agreement, the Transferor as beneficial owner and as registered owner of the Charges (or the person entitled to be registered as owner) **HEREBY TRANSFERS** unto

the Transferee all right, title, interest, benefit and obligation (both present and future) of the Transferor in and under each of the Charges, including, for the avoidance of doubt:

- (i) all sums of principal interest or any other sum payable under, and the right to demand, sue for, recover, receive and give receipts for all principal monies payable or to become payable under each of the Charges or the unpaid part thereof and the interest due or to become due thereon including sums which have accrued due and payable and interest (including capitalised interest) or other sums due to be paid or accrued under or in respect of the Charges (provided that the principal monies payable under any Charge shall not be deemed to be due for the purpose of this paragraph merely because the legal date for redemption of the relevant Charge has passed); and
- (ii) the obligation to make further advances of principal and/or interest where the chargee is under an obligation to make further advances whether on a scheduled basis or on demand save that, in respect of Charges where the relevant borrower is an individual, this shall not mean that the Transferor is, as against the chargor, no longer to be regarded as the creditor for the purposes of the Consumer Credit Act 1974; and
- (iii) the benefit of all securities for such principal monies and interest, the benefit of all consents to mortgage or deeds of postponement signed by occupiers of the Properties and the benefit of and the right to sue on all covenants with, or vested in, the chargee in each Charge and the right to exercise all powers of the chargee in relation to each Charge; and
- (iv) all the estate and interest in the Properties vested in the chargee (subject to any equity of redemption or cesser); and
- (v) all causes of action of the chargee against any person in connection with any report, valuation, opinion, certificate, consent to charge or other statement of fact or opinion given in connection with any Charge or affecting the decision to make the relevant advance; and
- (vi) the benefit of any right of the Transferor to apply for or receive compensation in respect of criminal damage pursuant to the Criminal Damage (Compensation) (Northern Ireland) Order 1977 in respect of the Properties; and
- (vii) the benefit of any guarantee or surety vested in the Transferor relating to any of the relevant Charges, and any other collateral security relating to the Charges;

but excluding (i) the charges on the life assurance policies (if any) charged as collateral security therefor and (ii) the Transferor's right title, interest and benefit in any other insurance contracts in relation to the Properties.

IN WITNESS WHEREOF whereof the Transferor has caused this Transfer to be executed as its Deed on its behalf the day and year first before written

Executed by:

Mortgage Trust Limited

as its deed as follows:

Signed for and on its behalf by one of its
duly authorised attorneys

By:

Name:

Title: Attorney

Signature:

Witness

Name:

Occupation:

Address:

Schedule referred to in the foregoing Transfer of Charges

1	2	3	4	5	6
Folio No.	County	Date of Advance	Registration Date	Borrower	Property
			of Charge		Description

SCHEDULE 12
UNREGISTERED TRANSFER - NORTHERN IRELAND

Form of Transfer of Mortgage

THIS TRANSFER OF MORTGAGES is made the [] day of [] 2005

BETWEEN:

1. **MORTGAGE TRUST LIMITED** (a company registered in England and Wales having Number 2048895) whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "Transferor") of the one part; and
2. **PARAGON MORTGAGES (NO.10) PLC** (a company registered in England and Wales having Number 04514738) whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "Transferee") of the other part,

WHEREAS:

- A. By the mortgages (the "**Mortgages**") brief particulars of which are set out in the Schedule to this Deed, the properties (the "**Properties**") brief particulars of which are set out in the Schedule to this deed became security for the repayment of the amounts therein mentioned.
- B. Pursuant to a mortgage sale agreement dated 17 November 2005 made between, among others, the Transferee and Transferor, (the "**Mortgage Sale Agreement**"), the Transferor has agreed to sell and the Transferee has agreed to buy all rights, title, interest, benefit and obligation (both present and future) of the Transferor in and under the Mortgages for the consideration hereinafter mentioned.

NOW THIS DEED WITNESSETH as follows:

In consideration of the payment by the Transferee of the purchase price therefor pursuant to the Mortgage Sale Agreement, the Transferor as beneficial owner of the Mortgages HEREBY (and in each case as applicable) GRANTS CONVEYS and ASSIGNS unto the Transferee all right, title, interest, benefit and obligation (both present and future) of the Transferor in and under each of the Mortgages and the amount payable thereunder TO HOLD the same unto the Transferee absolutely, including, for the avoidance of doubt:

- (i) all sums of principal interest or any other sum payable under, and the right to demand, sue for, recover, receive and give receipts for all principal monies payable or to become payable under each of the Mortgages or the unpaid part thereof and the interest due or to become due thereon including sums which have accrued due and payable and interest (including capitalised interest) or other sums due to be paid or accrued under or in respect of the Mortgages (provided that the principal monies payable under any Mortgage shall not be

deemed to be due for the purpose of this paragraph merely because the legal date for redemption of the relevant Mortgage has passed); and

- (i) the obligation to make further advances of principal and/or interest where the mortgagee is under an obligation to make further advances whether on a scheduled basis or on demand save that, in respect of Mortgages where the relevant borrower is an individual, this shall not mean that the Transferor is, as against the mortgagor, no longer to be regarded as the creditor for the purposes of the Consumer Credit Act 1974; and
- (ii) the benefit of all securities for such principal monies and interest, the benefit of all consents to mortgage or deeds of postponement signed by occupiers of the Properties and the benefit of and the right to sue on all covenants with, or vested in, the mortgagee in each Mortgage and the right to exercise all powers of the mortgagee in relation to each Mortgage; and
- (iii) all the estate and interest in the Properties vested in the mortgagee (subject to any equity of redemption or cesser); and
- (iv) all causes of action of the mortgagee against any person in connection with any report, valuation, opinion, certificate, consent to mortgage or other statement of fact or opinion given in connection with any Mortgage or affecting the decision to make the relevant advance; and
- (v) the benefit of any right of the Transferor to apply for or receive compensation in respect of criminal damage pursuant to the Criminal Damage (Compensation) (Northern Ireland) Order 1977 in respect of the Properties; and
- (vi) the benefit of any guarantee or surety vested in the Transferor relating to any of the relevant Mortgages, and any other collateral security relating to the Mortgages;

but excluding (i) the charges on the life assurance policies (if any) charged as collateral security therefor and (ii) the Transferor's right title, interest and benefit in any other insurance contracts in relation to the Properties.

IN WITNESS whereof the Transferor has caused this Transfer to be executed as its Deed on its behalf the day and year first before written.

Executed by: **Mortgage Trust Limited**

as its deed as follows:

Signed for and on its behalf by one of its duly authorised attorneys

Signature: By:
Name:

Title: Attorney

Witness

Name:

Occupation:

Address:



Schedule referred to in the foregoing Transfer of Mortgages

1	2	3	4	5	6
Property Description	County	Date of Advance	Registration Date of Mortgage	Borrower	Serial Number of Mortgage at Registry of Deeds

SCHEDULE 13
FORM OF NON-VERIFIED MORTGAGE REQUEST

**Letterhead of [Paragon Second Funding Limited / Paragon Mortgages Limited /
Mortgage Trust Services plc]**

To: [Paragon Mortgages Limited / Mortgage Trust Services plc / Paragon Mortgages
(No.10) PLC]
St. Catherine's Court Herbert Road
Solihull
West Midlands B91 3QE[Paragon Finance PLC / Mortgage Trust Services plc]
St. Catherine's Court Herbert Road
Solihull
West Midlands B91 3QE

and

Citicorp Trustee Company Limited
Citigroup Centre, 14th Floor
Canada Square
Canary Wharf
London E14 5LB
(in its capacity as Trustee)

Dear Sirs

{Date}

Non-Verified Mortgages

Pursuant to clause [2.1] [3.1] of the Mortgage Sale Agreement between, among others, us dated 17 November 2005 we hereby request that the Non-Verified Mortgages, to be identified in a schedule to be produced on or before the date referred to below, be purchased by [Paragon Mortgages Limited / Mortgage Trust Services plc / Paragon Mortgages (No.10) PLC] for a sum no greater than the then current balance standing to the credit of the Pre-Funding Reserve Ledger (which, for the avoidance of doubt, excludes any necessary Unamortised Cashbacks and Discounts which will be funded pursuant to the Subordinated Loan Agreement) on [*].

Yours faithfully

[Paragon Second Funding Limited / Paragon Mortgages Limited / Mortgage Trust Services
plc]



A handwritten signature in black ink, consisting of several loops and a long tail, located in the bottom right corner of the page.

Annexures

These are the Annexures referred to in the foregoing Agreement between the Sellers, the Originators, the Warehouser, the Issuer and the Trustee.

[The remainder of this page is intentionally left blank.]