

**SERVICES LETTER**  
**PARAGON MORTGAGES (NO.11) PLC**

St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE  
Registered in England and Wales as company number 4513183

To: Paragon Finance PLC  
St. Catherine's Court  
Herbert Road  
Solihull  
West Midlands B91 3QE

23 March 2006

Dear Sirs,

**Services Letter**

We are writing to record our agreement for the provision of the following services with effect from the date of this letter:

- (a) executive and financial management;
- (b) treasury services and management;
- (c) securitisation advice and services;
- (d) legal advice and services;
- (e) internal audit services; and
- (f) marketing services,

to the extent that these are not provided pursuant to the administration agreement between, among others, us and Citicorp Trustee Company Limited (in its capacity as the "Trustee") to be dated on or about the date of this letter (the "Administration Agreement").

In consideration of you providing these services to Paragon Mortgages (No.11) PLC, we agree to pay you a fee, inclusive of any amounts in respect of VAT, if applicable, which:

- (a) shall be paid to you in arrears on or after the first Business Day after each Interest Payment Date (or at such later time as we may agree); and
- (b) shall be calculated on the basis of an apportionment, according to the average gross value of Mortgages under management during the relevant period, of the direct costs incurred by you in respect of the above services for Paragon Mortgages (No.11) PLC, together with the central service and utility costs borne, based on a fair allocation by the departments concerned with their provision and together with such further amount as may at any time and from time to time be agreed between us.

Each payment by Paragon Mortgages (No.11) PLC to you under this letter shall be subject to Clauses 6, 7 and 8 of the deed of sub-charge and assignment between us and others dated on or about the date of this letter (the "**Deed of Charge**"). In addition, you agree that you will not take any action or proceedings against Paragon Mortgages (No.11) PLC to recover any amounts payable by Paragon Mortgages (No.11) PLC to you under this letter except to the extent expressly permitted by the provisions of the Deed of Charge.

Without prejudice to any of the other provisions of this letter you agree that if any payment is received by you in respect of this letter other than in accordance with Clauses 6, 7 and 8 of the Deed of Charge, the amount so paid shall be received and held by you upon trust for the Trustee and shall be paid over to the Trustee forthwith upon receipt. However, we agree that this provision shall have effect only to the extent that it does not constitute or create and is not deemed to constitute or create any mortgage, charge or other security interest of any kind.

Notwithstanding any other provision of this letter or the Deed of Charge, you agree that if the security for the Notes is enforced and the proceeds of such enforcement are insufficient, after payment of all other claims ranking in priority (pursuant to Clause 8 of the Deed of Charge) to amounts outstanding under this letter, then you hereby acknowledge that you shall have no further claim against us in respect of any such unpaid amounts.

You may assign, transfer or create any trust or interest in (whether by way of security or otherwise howsoever) or otherwise dispose of all or any of your rights under this letter in favour of any person provided that such person becomes a party to the Deed of Charge and has executed and delivered an acknowledgement and undertaking to the Issuer and the Trustee in such form as the Trustee may require acknowledging that such person's rights in respect of this letter shall be subject to the provisions of the Deed of Charge.

As you know, this is an agreement of the type referred to in Clause 6.1.2(q) of the Deed of Charge. Terms used in this letter but not otherwise defined in this letter have the same meanings as in the Administration Agreement.

Yours faithfully,

Signed for and on behalf of:

Paragon Mortgages (No.11) PLC

By: JOHN ALEXANDER HARVEY

Name: John Alexander Harvey

Title: Attorney

We agree to the above

**Signed for and on behalf of:**  
On 23 March 2006

**Paragon Finance PLC**

By: **JOHN ALEXANDER HARVEY**  
Name: John Alexander Harvey  
Title: Attorney