

Dated 15 September 2008

PARAGON MORTGAGES (NO.11) PLC

(as Issuer)

and

THE ROYAL BANK OF SCOTLAND PLC

(as Remarketing Agent and A1 Note Conditional Purchaser)

and

DEUTSCHE BANK A.G., LONDON BRANCH

(as A1 Note Conditional Purchaser)

and

CITIBANK N.A., LONDON BRANCH

(as Tender Agent)

and

CITICORP TRUSTEE COMPANY LIMITED

(as Trustee)

and

PARAGON FINANCE PLC

(as Administrator)

and

MORTGAGE TRUST SERVICES PLC

(as Administrator)

and

PARAGON MORTGAGES LIMITED

(as Title Holder)

and

MORTGAGE TRUST LIMITED

(as Title Holder)

**DEED OF AMENDMENT IN RESPECT OF
THE REMARKETING AGREEMENT
THE A1 NOTE CONDITIONAL PURCHASE AGREEMENT
AND THE TRUST DEED
EACH DATED 23 MARCH 2006 AS AMENDED FROM
TIME TO TIME**

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THIS DEED is made on 15 September 2008

BETWEEN

- (1) **PARAGON MORTGAGES (No.11) PLC** (registered number 4513183) whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Issuer**");
- (2) **THE ROYAL BANK OF SCOTLAND PLC** (registered number SC90312) acting through its office at 135 Bishopsgate, London EC2M 3UR in its capacity as remarketing agent and A1 Note conditional purchaser (the "**Remarketing Agent**" and an "**A1 Note Conditional Purchaser**");
- (3) **CITIBANK, N.A., LONDON BRANCH**, acting through its office is at Citigroup Centre, 21st Floor, Canada Square, Canary Wharf, London, E14 5LB (the "**Tender Agent**");
- (4) **CITICORP TRUSTEE COMPANY LIMITED**, whose principal London office is at Citigroup Centre, 14th Floor, Canada Square, Canary Wharf, London E14 5LB (the "**Trustee**");
- (5) **DEUTSCHE BANK A.G., LONDON BRANCH**, acting through its office at Winchester House, 1 Great Winchester Street, London, EC2N 2DB (an "**A1 Note Conditional Purchaser**" and, together with The Royal Bank of Scotland PLC the "**A1 Note Conditional Purchasers**");
- (6) **PARAGON FINANCE PLC** (registered number 1917566) whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (an "**Administrator**");
- (7) **MORTGAGE TRUST SERVICES PLC** (registered number 3940202) whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (an "**Administrator**" and together with Paragon Finance PLC, the "**Administrators**");
- (8) **PARAGON MORTGAGES LIMITED** (registered number 2337854) whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (a "**Title Holder**"); and
- (9) **MORTGAGE TRUST LIMITED** (registered number 2048895) whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (a "**Title Holder**" and together with Paragon Mortgages Limited, the "**Title Holders**").

WHEREAS

- (A) The Issuer, the Remarketing Agent and the A1 Note Conditional Purchasers amongst others, entered into a remarketing agreement on 23 March 2006 (the "**Remarketing Agreement**").
- (B) The Issuer, the Remarketing Agent and the A1 Note Conditional Purchasers, amongst others, entered into an A1 note conditional purchase agreement on 23 March 2006 (the "**A1 Note Conditional Purchase Agreement**").
- (C) The Issuer and the Trustee entered into a trust deed on 23 March 2006 (the "**Trust Deed**" and, together with the Remarketing Agreement and the A1 Note Conditional Purchase Agreement the "**Amendment Documents**").
- (D) The parties now wish to amend certain provisions of the Amendment Documents.
- (E) Pursuant to Clause 19.2 (*Waiver; Authorisation; Determination; Modification*) of the Trust Deed, the Trustee may, without the consent of the Noteholders, at any time and from time to time, concur with the Issuer in making any modification to the Amendment Documents, which in the opinion of the Trustee it may be proper to make, provided that the Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the relevant Noteholders or is of a minor, formal or technical nature.

NOW THIS DEED OF AMENDMENT WITNESSES AND IT IS HEREBY AGREED AS FOLLOWS:

1. **DEFINITIONS**

- 1.1 Save where the contrary is indicated or the context otherwise requires, words and phrases as defined in or incorporated by reference into the Amendment Documents shall have the same meaning herein.
- 1.2 Save where the contrary is indicated or the context otherwise requires, words and phrases shall be interpreted in the manner set out in the Amendment Documents.

2. **AMENDMENTS**

2.1 **Amendments to the Remarketing Agreement**

The parties hereto agree that the following amendment shall be made to the Remarketing Agreement:

2.1.1 The definition of "**Event of Default**" shall be deleted in its entirety.

2.1.2 A new definition of "**Enforcement Notice**" shall be inserted as follows:

"**Enforcement Notice**" means an enforcement notice served by the Trustee on the Issuer in accordance with Condition 9 (*Events of Default*) of the Terms and Conditions of the Notes;"

2.1.3 Clause 5.1.1 shall be deleted in its entirety and replaced with the following:

"5.1.1 an Enforcement Notice is served on the Issuer;"

2.1.4 The first paragraph of Clause 5.3 shall be deleted in its entirety and replaced with the following:

"5.3 Upon the occurrence of a Remarketing Termination Event, the Remarketing Agent shall have no further obligations hereunder except (so long as no Enforcement Notice has been served on the Issuer and no replacement remarketing agent has assumed these functions) as follows:"

2.1.5 Clause 6.1.2 shall be deleted in its entirety and replaced with the following:

"6.1.2 from the A1 Note Conditional Purchaser if a Remarketing Termination Event (other than the service of an Enforcement Notice on the Issuer) has occurred,"

2.2 **Amendments to the A1 Note Conditional Purchase Agreement**

The parties hereto agree that the following amendments shall be made to the A1 Note Conditional Purchase Agreement:

2.2.1 Recital (D)(ii) shall be deleted in its entirety and replaced with the following:

"(ii) an Enforcement Notice being served on the Issuer prior to such A1 Note Mandatory Transfer Date; or"

2.2.2 Clause 1.2(c) shall be deleted in its entirety and replaced with the following:

"(c) A Conditional Purchase Activation Notice shall be a notice from: (i) the Remarketing Agent certifying (x) that it is unable to procure the purchase of the Class A1 Notes in accordance with the Remarketing Agreement at a percentage margin which is less than the Maximum Reset Margin or (y) that its remarketing obligations in the Remarketing Agreement have been terminated pursuant to a Remarketing Termination Event (other than in respect of service of an Enforcement Notice); or (ii) from the Issuer or the Administrator on behalf of the Issuer if (x) the Issuer or the Administrator on its behalf has reasonable grounds to believe both that the Class A1 Notes cannot be placed entirely with third party purchasers on the A1 Note Mandatory Transfer Date as set out in (i) above and that the Remarketing Agent will fail to serve the notice required, or (y) following the occurrence of a Remarketing Termination Event or a Remarketing Agent Termination Event (as defined in the Remarketing Agreement) where the Issuer or the Administrator on behalf of the Issuer (if so procured by the Issuer) or the A1 Note Conditional Purchaser fails to find an alternative entity to act as remarketing agent by the date which is 20 days prior to the relevant A1 Note Mandatory Transfer Date."

2.2.3 Clause 1.2(e) shall be deleted in its entirety and replaced with the following:

"(e) The Conditional Purchase Activation Notice shall also specify the amount representing the aggregate A1 Note Mandatory Transfer Price payable (if any) which shall be sufficient upon exchange for USD under the Currency Swap A1 Agreement to repay to the relevant Class A1 Noteholders in order for the A1 Note Conditional Purchaser to satisfy its obligations under this Agreement and shall confirm to the A1 Note Conditional Purchaser that no Enforcement Notice has been served on the Issuer."

2.2.4 Clause 1.2(f)(ii) shall be deleted in its entirety and replaced with the following:

"(ii) if an Enforcement Notice has been served on the Issuer in respect of the Class A1 Notes at the time a Conditional Purchase Activation Notice is to be given or thereafter, but prior to the purchase on such A1 Note Mandatory Transfer Date;"

2.2.5 Paragraph (c) of the form of Conditional Note Purchase Activation Notice in Schedule 2 shall be deleted in its entirety and replaced with the following:

"(c) confirm that no Enforcement Notice with respect to the A1 Notes has been served on the Issuer;"

2.3 **Amendment to the Trust Deed**

The parties hereto agree that the following amendment shall be made to the Terms and Conditions of the Notes in Schedule 4 to the Trust Deed:

2.3.1 Condition 5(i)(ii)(b) shall be deleted in its entirety and replaced with the following:

"(b) an Enforcement Notice has been served on the Issuer pursuant to Condition 9 prior to such A1 Note Mandatory Transfer Date, or"

3. **CONSTRUCTION AND INCORPORATION**

3.1 As from the date hereof, the Amendment Documents shall be read and construed in all respects as incorporating the changes made by this Deed of Amendment but otherwise all terms and conditions of the Amendment Documents shall remain in full force and effect in all respects.

3.2 All references in the Amendment Documents to "this Agreement", "this Deed" or "this Trust Deed" shall be deemed to be references to the relevant Amendment Document as amended by this Deed.

3.3 Nothing in this Deed shall operate as a waiver of any right or remedy of any party under any provisions of the Amendment Documents as amended hereby nor to excuse any delay or omission in the performance of the Amendment Documents nor to impair any right or remedy arising thereunder or in respect thereof.

4. **NOTICE**

The Trustee agrees that notice of the modifications shall not be required to be given to the Noteholders (as defined in the Trust Deed).

5. **COUNTERPARTS**

This Deed may be executed in any number of counterparts, each of which shall be deemed an original.

6. **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

A person who is not a party to this Deed has not right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed.

7. **GOVERNING LAW**

This Deed shall be governed by and construed in accordance with English law.

IN WITNESS whereof this Deed has been executed and delivered as a deed on the date stated at the beginning.

The Issuer

Executed by:

as its deed as follows:

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

PARAGON MORTGAGES (NO.11) PLC

By:

Name: John G Gemell

Title: Director

Witness

Signature:

Name: ANDREW KITCHING

Occupation: COMPLIANCE MANAGER

Address: ST CATHERINE'S COURT, HERBERT ROAD, SOLIHULL, WEST MIDLANDS B91 3QE

The Remarketing Agent and A1 Note Conditional Purchaser

THE ROYAL BANK OF SCOTLAND PLC

By:

Name:

Title:

Witness

Signature:

Name:

Occupation:

Address:

IN WITNESS whereof this Deed has been executed and delivered as a deed on the date stated at the beginning.

The Issuer

Executed by:

PARAGON MORTGAGES (NO.11) PLC

as its deed as follows:

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

By:

Name:

Title:

Witness

Signature:

Name:

Occupation:

Address:

The Remarketing Agent and AI Note Conditional Purchaser

THE ROYAL BANK OF SCOTLAND PLC

By:

Name:

Title:

Witness

Signature:

Name:

Occupation:

Address:

[Faint handwritten signature]

M A Slevin



M A SLEVIN


BANKING

135 BISHOPSGATE LONDON EC2M 3UR

The A1 Note Conditional Purchaser

DEUTSCHE BANK A.G., LONDON BRANCH

By:  
Name: Chung Chui Wan Madhu de Souza
Title: Vice President Vice President

Witness
Signature: 
Name: FARAH BHEELUM
Occupation: PA
Address: 1 Great Winchester St, London EC2N 2DS

The Tender Agent

CITIBANK N.A., LONDON BRANCH

Executed by:
as its deed as follows:

By:
Name:
Title:

Witness
Name:
Occupation:
Address:

The AI Note Conditional Purchaser

DEUTSCHE BANK A.G., LONDON BRANCH

By:
Name:
Title:

Witness
Signature:

Name:

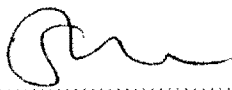
Occupation:

Address:

The Tender Agent

Executed by:
as its deed as follows:

CITIBANK N.A., LONDON BRANCH

By: 

Name: **Simon Lazarus**
Title: **President**

Witness

Name:

Occupation:

Address:



**Chief
Vice Pres** **Simon Lazarus**
**CITIBANK CENTRE
CANADA SQUARE
CANARY WHARF
LONDON**

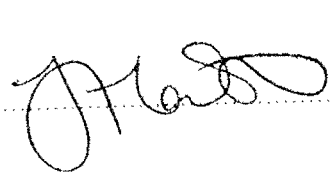
The Trustee

Executed by:

**CITICORP TRUSTEE COMPANY
LIMITED**

as its deed as follows:

By:
Name:
Title:



**Jillian Hamblin
Director**



**Viola Japaul
Director**

Witness
Name:
Occupation:
Address:



**Carl Harris
Vice President
CITI GROUP CENTRE
CANADA SQUARE
LONDON**

The Administrators

Executed by:

Paragon Finance PLC

as its deed as follows:

Signed for and on its behalf by one of its
directors

By:.....
Name:
Title:

Witness

Signature:

Name:

Occupation:

Address:

The Trustee

Executed by:

as its deed as follows:

**CITICORP TRUSTEE COMPANY
LIMITED**

By:
Name:
Title:

Witness
Name:
Occupation:
Address:


The Administrators

Executed by:

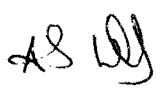
as its deed as follows:

Signed for and on its behalf by one of its
directors

Paragon Finance PLC

By: 
Name: John G Gemmell
Title: Director

Witness

Signature: 


Name: ANDREW KITCHING

Occupation: COMPLIANCE MANAGER

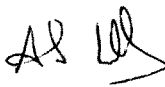
Address: ST. CATHERINE'S COURT, HERBERT ROAD, SOLIHULL, WEST MIDLANDS
B91 3QE

Executed by:
as its deed as follows:
Signed for and on its behalf by one of its
directors

Mortgage Trust Services plc

By: 
Name: John G Gemmell
Title: Director

Witness

Signature: 

Name: ANDREW KITCHING

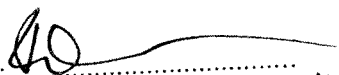
Occupation: COMPLIANCE MANAGER

Address: ST CATHERINE'S COURT, HERBERT ROAD, SOLIHULL, WEST MIDLANDS
B91 3QE

The Title Holders

Executed by:
as its deed as follows:
Signed for and on its behalf by one of its
directors

Paragon Mortgages Limited

By: 
Name: John G Gemmell
Title: Director

Witness

Signature: 


Name: ANDREW KITCHING

Occupation: COMPLIANCE MANAGER


Address: ST. CATHERINE'S COURT, HERBERT ROAD, SOLIHULL,
WEST MIDLANDS B91 3QE

Executed by:
as its deed as follows:
Signed for and on its behalf by one of its
directors

Mortgage Trust Limited

By: 
Name: John G Gennell
Title: Director

Witness

Signature: 

Name: ANDREW KITCHING

Occupation: COMPLIANCE MANAGER

Address: ST CATHERINE'S COURT, HERBERT ROAD, SOLIHULL, WEST MIDLANDS
B91 3QE