

Dated 30 January 2013

**PARAGON MORTGAGES (NO. 13) PLC**  
(as Issuer)

**PARAGON FINANCE PLC**  
(as an Administrator)

**MORTGAGE TRUST SERVICES PLC**  
(as an Administrator)

**HOMELoAN MANAGEMENT LIMITED**  
(as the Substitute Administrator)

and

**CITICORP TRUSTEE COMPANY LIMITED**  
(as Trustee)

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**DEED OF AMENDMENT AND RESTATEMENT  
IN RESPECT OF THE SUBSTITUTE ADMINISTRATOR  
AGREEMENT DATED 26 OCTOBER 2006**

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THIS DEED is made on 30 January 2013

**BETWEEN**

- (1) **PARAGON MORTGAGES (No. 13) PLC** (registered number 5393650) whose registered office is at 51 Homer Road, Solihull, West Midlands B91 3QJ (the "Issuer");
- (2) **PARAGON FINANCE PLC** (registered number 1917566) whose registered office is at 51 Homer Road, Solihull, West Midlands B91 3QJ ("**PFPLC**" as "**Administrator**" and together with Mortgage Trust Services PLC, the "**Administrators**");
- (3) **MORTGAGE TRUST SERVICES PLC** (registered number 3940202) whose registered office is at 51 Homer Road, Solihull, West Midlands B91 3QJ ("**MTS**" as an "**Administrator**" and together with Paragon Finance PLC, the "**Administrators**");
- (4) **HOMELoAN MANAGEMENT LIMITED** (registered number 2214839) whose registered office is at The Bailey, Skipton, North Yorkshire BD23 1DN ("**HML**" as the "**Substitute Administrator**"); and
- (5) **CITICORP TRUSTEE COMPANY LIMITED**, whose principal London office is at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB (the "**Trustee**", which expression shall, wherever the context so admits, include such company and all other persons or companies for the time being the trustee or trustees of these presents).

**WHEREAS**

- (A) The parties to this Deed of Amendment and Restatement were parties to the Original Substitute Administrator Agreement (as defined below) in various capacities.
- (B) The parties now wish to amend certain provisions of the Original Substitute Administrator Agreement to impose further duties on the Substitute Administrator.

**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 expressions used in this Deed have the meanings and constructions ascribed to them in the Amended Substitute Administrator Agreement.
- 1.2 "**Original Substitute Administrator Agreement**" means the agreement dated 26 October 2006 entered into between (i) Paragon Finance PLC as an Administrator, (ii) Mortgage Trust Services PLC as an Administrator, (iii) Citicorp Trustee Company Limited as the Trustee, (iv) Homeloan Management Limited as the Substitute Administrator and (v) Paragon Mortgages (No. 13) PLC as the Issuer;

"**Amended Substitute Administrator Agreement**" means the Original Substitute Administrator Agreement, as amended and restated by this Deed, the terms of which are set out at Schedule 1 (*Amended and Restated Substitute Administrator Agreement*).

**2. AMENDMENT AND RESTATEMENT OF THE ORIGINAL SUBSTITUTE ADMINISTRATOR AGREEMENT**

2.1 With effect from the date of this Deed, the Original Substitute Administrator Agreement shall be amended and restated so that it shall be read and construed for all purposes as set out in Schedule 1 (*Amended and Restated Substitute Administrator Agreement*).

2.2 The provisions of the Original Substitute Administrator Agreement shall, save as amended by this Deed, continue in full force and effect.

**3. COUNTERPARTS**

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

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

A person who is not a party to this Deed has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed.

**5. GOVERNING LAW**

This Deed and all non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law.

**SCHEDULE 1**  
**AMENDED AND RESTATED SUBSTITUTE ADMINISTRATOR AGREEMENT**

26 OCTOBER 2006  
(AS AMENDED AND RESTATED ON 11 AUGUST 2008 AND 30 January 2013)

PARAGON FINANCE PLC

as an Administrator

and

MORTGAGE TRUST SERVICES PLC

as an Administrator

and

PARAGON MORTGAGES (NO.13) PLC

as the Issuer

and

CITICORP TRUSTEE COMPANY LIMITED

as the Trustee

and

HOMELoAN MANAGEMENT LIMITED

as Substitute Administrator

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AMENDED AND RESTATED SUBSTITUTE  
ADMINISTRATOR AGREEMENT

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**THIS SUBSTITUTE ADMINISTRATOR AGREEMENT** was made as a deed on 26 October 2006, as amended on 11 August 2008 and 30 January 2013.

**BETWEEN:**

- (1) **PARAGON FINANCE PLC** a company incorporated under the laws of England and Wales (registered number 1917566) whose registered office is at 51 Homer Road, Solihull, West Midlands B91 3QJ ("**PFPLC**");
- (2) **MORTGAGE TRUST SERVICES PLC** (registered number 3940202) whose registered office is at 51 Homer Road, Solihull, West Midlands B91 3QJ ("**MTS**", an "**Administrator**" and together with PFPLC in its capacity as an administrator under the Administration Agreement referred to below, the "**Administrators**" which expressions shall include such person and all other persons for the time being acting as an Administrator or Administrators under the Administration Agreement referred to below);
- (3) **CITICORP TRUSTEE COMPANY LIMITED** a company incorporated under the laws of England and Wales (registered number 235914) whose principal place of business is at Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB (in its capacity as the trustee, the "**Trustee**", which expression shall include such person and all other persons for the time being acting as the trustee or trustees under the Trust Deed);
- (4) **HOMELoAN MANAGEMENT LIMITED** a company incorporated under the laws of England and Wales (registered number 2214839) whose registered office is at The Bailey, Skipton, North Yorkshire, BD23 1DN ("**HML**") in its capacity as Substitute Administrator; and
- (5) **PARAGON MORTGAGES (NO. 13) PLC** (registered number 5393650) whose registered office is at 51 Homer Road, Solihull, West Midlands B91 3QJ (the "**Issuer**").

**IT IS AGREED:**

1. **INTERPRETATION**

1.1 Terms and expressions defined in the Relevant Documents (as defined in an administration agreement between, among others, the Trustee, the Issuer, PFPLC as an Administrator and MTS as an Administrator dated the date hereof (the "**Administration Agreement**")) shall have the same meaning where used in this Agreement.

1.2 In this Agreement:

"**Administrator Powers of Attorney**" means the powers of attorney to be granted to HML to enable it to perform the Services as Administrator on behalf of the legal owner

**"Insolvency Event"** means:

- (a) an order is made or an effective resolution passed for winding up of HML;
- (b) HML ceases or threatens to cease to carry on its business or a substantial part of its business or stops payment or threatens to stop payment of its debts or HML is deemed unable to pay its debts within the meaning of section 123(1)(a), (b), (c) or (d) of the Insolvency Act 1986 (as that section may be amended) or becomes unable to pay its debts as they fall due or the value of its assets falls to less than the amount of its liabilities (taking into account for both these purposes its contingent and prospective liabilities) or otherwise becomes insolvent; or
- (c) proceedings are initiated against HML under any applicable liquidation, administration, insolvency, composition, reorganisation (other than a reorganisation the terms of which have been approved by the Trustee and where HML is solvent) or other similar laws, save where such proceedings are being contested in good faith by HML, or an administrative or other receiver, administrator or other similar official is appointed in relation to HML or in relation to the whole or any substantial part of the undertaking or assets of HML or an encumbrancer shall take possession of the whole or any substantial part of the undertaking or assets of HML, or a distress, execution or diligence or other process shall be levied or enforced upon or sued out against the whole or any substantial part of the undertaking or assets of HML and in any of the foregoing cases it shall not be discharged within 15 days; or if HML shall initiate or consent to judicial proceedings relating to itself under any applicable liquidation, administration, insolvency, composition, reorganisation or other similar laws or shall make a conveyance or assignment for the benefit of its creditors generally.

**"Most Senior Class"** means the Class A Notes whilst they remain outstanding and thereafter the Class B Notes whilst they remain outstanding and thereafter the Class C Notes.

**"Substitute Administrator Facilitator"** means Structured Finance Management Limited in its capacity as substitute administrator facilitator and any successor thereto and any replacement thereto in such capacity.



2. **APPOINTMENT AND ADMINISTRATION FEE**

- 2.1 Subject as provided herein, HML hereby agrees to act as Substitute Administrator for the Issuer hereunder and (after receipt of the notification referred to below and to the extent not already commenced pursuant to Clause 2.2) assume the duties and obligations of both of the Administrators for the Issuer on the same terms, *mutatis mutandis*, as those set out in the Administration Agreement which shall accordingly be incorporated herein, but as if there were deleted from clause 11.1(B) of the Administration Agreement the words, "for so long as PFPLC and/or MTS are Administrators," and as if there were substituted in that clause of the Administration Agreement the words "0.15 per cent per annum (exclusive of any amounts in respect of VAT)", in place of the words "not more than 0.15 per cent per annum" in respect of the Administration Senior Fee and the words "0.15 per cent per annum (exclusive of any amounts in respect of VAT)", in place of the words "not more than 0.15 per cent per annum (in each case inclusive of any amounts in respect of VAT)" in respect of the Administration Subordinated Fee, as soon as reasonably practicable after it is notified in writing by the Trustee that the Administrators' appointment under the Administration Agreement has been terminated or that such appointment has terminated by virtue of the provisions of clause 20 of the Administration Agreement other than clause 20.1.2 thereof **provided that** upon such notification, HML shall, without the need for further action, be entitled to all rights, benefits, exclusions from liability, powers and discretions of the Administrator under the Administration Agreement as if it had originally been named as Administrator thereunder. For the avoidance of any doubt, HML shall only be entitled to payment of the administration fee payable under clause 11.1 of the Administration Agreement to the extent that such administration fee accrues in accordance with the provisions of such clause 11 from the date on which HML assumes the duties and obligations of both of the Administrators as described in this Agreement and for so long as HML is acting as Administrator in accordance with the provisions of this Agreement and the Administration Agreement.
- 2.2 If PFPLC fails to deliver an Administrator Report to HML within 3 Business Days of any Principal Determination Date, HML shall assume the performance of the Cash Bond Management Services (and, for the avoidance of doubt, to the extent that the required calculation data is unavailable HML shall calculate the relevant amounts to be paid by the Issuer in accordance with Schedule 1 (*The Services*) and Schedule 8 (*Determinations and Reconciliation*) of the Administration Agreement) within 5 Business Days of such failure.
- 2.3 To the extent there is direct conflict between the provisions of the Administration Agreement and this Agreement, this Agreement shall prevail

3. **STAND BY SERVICES**
- 3.1 Upon its appointment as Substitute Administrator and until it assumes the duties and obligations of the Administrators pursuant to Clause 2.2, HML shall provide the services set out in Clause 3.2 below.
- 3.2 HML will on such basis as it deems reasonably necessary to perform its obligations under this Agreement:
  - 3.2.1 undertake a review of the Administrators' computer hardware, software, processes and facilities employed in the performance of its obligations as Substitute Administrator under the Administration Agreement and this Agreement;
  - 3.2.2 in conjunction with the Administrators, produce and test a data mapping specification which will translate data descriptions into the format set out in HML standard data scheme (as varied or amended from time to time) (the "**Agreed Format**") and agree with the Issuer and/or the Administrators a timetable within which all stages of the process can be completed; and
  - 3.2.3 write and test the requisite programmes to read the files in the Agreed Format and load the data supplied into the computer systems of HML or at the discretion of HML effect a manual transfer of data onto the systems of HML.
- 3.3 So long as the Administrators remain appointed under the Administration Agreement, the Administrators will deliver monthly (or at such other interval as HML reasonably requires) to HML on a CD ROM (or such other medium as may be agreed between the Administrators and HML) all information relating to the Mortgages that HML may reasonably request to facilitate HML's assumption and fulfilment of its duties and obligations as Substitute Administrator.
- 3.4 Following the receipt by HML of the written notice under Clause 2.2 the Administrators shall assist HML to:
  - 3.4.1 establish and implement a computer system for administering the Mortgages; and
  - 3.4.2 load the data held by the Administrators in relation to the Borrowers and the Mortgages on to such computer system,

and prior to the actions in sub-clauses 3.4.1 and 3.4.2 having taken place, the Administrators will provide all necessary access to the Administrators' equipment, staff, software, systems and premises and assistance to HML in relation to and in order to facilitate the administration of the Mortgages.

- 3.5 The Administrators hereby agree to assist HML in the performance of its obligations as Substitute Administrator by promptly providing it with the information described in Clauses 3.2, 3.3 and 3.4 above.

#### 4. **SUBSTITUTE ADMINISTRATOR COMMITMENT FEE**

In consideration of the Substitute Administrator entering into this Agreement, the Issuer agrees to pay to the Substitute Administrator (together with any amounts of VAT (if any) thereon) an aggregate commitment fee (the "**Substitute Administrator Commitment Fee**") of 0.004 per cent. per annum of the aggregate of the Interest Charging Balances of the Mortgages payable in accordance with clause 6.1.2(b) of the Deed of Charge, accruing in respect of each Interest Period (beginning with the Interest Period which commences in October 2006) and calculated at the beginning of each Collection Period (or, in respect of the first Collection Period, calculated on the Closing Date) and on the basis of a year of 365 days and for the actual number of days elapsed in that Interest Period and payable quarterly in arrear on each Interest Payment Date beginning with the Interest Payment Date falling in January 2007, provided that the Substitute Administrator Commitment Fee described in this Clause 4 (*Substitute Administrator Commitment Fee*) shall cease to be payable with immediate effect from the date which is the earlier of:

- (a) the date on which the notification from the Trustee referred to in Clause 2 of this Agreement is sent to HML;
- (b) the date on which this Agreement is terminated; and
- (c) the date on which the Secured Amounts (as defined in the "**Deed of Sub-Charge and Assignment**") are repaid or paid in full.

#### 5. **EXPENSES AS ADMINISTRATOR**

- 5.1 Upon assumption by HML of the duties and obligations of both of the Administrators as provided herein the Trustee shall permit the reimbursement hereunder from the funds of the Issuer to HML of its reasonable expenses incurred in becoming Administrator as if such expenses fell within the terms of clause 12 of the Administration Agreement. Such costs and expenses and the time of payment shall be agreed by HML and the Trustee but payment shall normally occur on an Interest Payment Date.
- 5.2 Upon assumption by HML hereunder, and during the performance by HML of its duties and obligations as Administrator, the Issuer agrees to pay or reimburse (as appropriate) to HML on each Interest Payment Date all costs, charges and

expenses paid by HML of the kind referred to in the Administration Agreement, which shall include any costs (including reasonable costs of funds) and expenses incurred by HML on behalf of the Issuer prior to reimbursement by the Issuer, in the performance of its duties and obligations as Administrator. HML shall become bound by and be subject to terms identical, *mutatis mutandis*, to the terms of the Administration Agreement applicable to the Administrators and entitled hereunder to rights, benefits, powers and discretions identical to those of the Administrators under the Administration Agreement. HML agrees to use its reasonable endeavours:

- 5.2.1 to obtain and maintain all consents, licences, permits, concessions, approvals and authorisations (together "**Authorisations**") required for it lawfully to carry out all the obligations of the Administrators contemplated by the Administration Agreement and/or this Agreement, including any Authorisations under the Financial Services and Markets Act 2000 ("**FSMA**") and the Consumer Credit Acts 1974 and 2006;
  - 5.2.2 without limitation to the foregoing, to the extent that the services which HML is to perform as contemplated in this Agreement and/or the Administration Agreement or the carrying on by the Issuer of its business as contemplated by the Relevant Documents require HML or the Issuer to obtain any FSMA Authorisations, to obtain and maintain all such Authorisations in respect of itself; and
  - 5.2.3 to preserve all registrations under the Data Protection Acts 1984 and 1998 which are required for HML lawfully to carry out all of the obligations of the Administrators under the Administration Agreement.
- 5.3 If the amount to which HML is entitled pursuant to Clauses 2, 3, 4 and 5 above is not paid on the due date for payment, interest will be payable on such amounts at the rate of two per cent over the base rate from time to time of Lloyds TSB Bank Plc.

## 6. **LIABILITY**

- 6.1 HML shall have no liability in respect of:
  - 6.1.1 any breach by any previous Administrator (or any agent, delegate or subcontractor of, and appointed by, any previous Administrator) of the Administration Agreement or any other Relevant Document or any failure by any previous owner or administrator (including any agent, delegate or subcontractor) to administer any Mortgage effectively or properly;

- 6.1.2 any failure to comply with the terms of the Administration Agreement which are incorporated herein (as amended to be applicable to it) (having used its reasonable endeavours to comply with the same) in so far as the same results from any breach as described in Clause 6.1.1 or any information, documents, deeds, computer disks or other data not being made freely available to it within two weeks, from the time of request, to the extent that such information, documents, deeds, computer disks or other data is necessary for it to be able to assume its obligations as Substitute Administrator;
- 6.1.3 anything which this Agreement or the Administration Agreement provides or anticipates will be done if the same cannot be done as a result of non co-operation by the Issuer provided that HML shall forthwith upon experiencing such non co-operation give written notice thereof to the Trustee;
- 6.1.4 in so far as any breach of this Agreement or the Administration Agreement shall arise through any difficulties not attributable to HML arising out of any change in the direct debit instructions or operations on HML's appointment as Substitute Administrator;
- 6.1.5 imbalances, errors, or inability to reconcile amounts in respect of any accounts covered by the Administration Agreement, resulting from the activities of any previous Administrator;
- 6.1.6 the preparation of any report or the taking of any action with regard to any period prior to HML becoming the Administrator or in respect of any transactions which take place prior to that date;
- 6.1.7 the production of any historical records prior to the beginning of the year in which HML migrates the administration to any new software system;
- 6.1.8 any shortfall in any guaranteed or minimum payment to the Issuer or the Trustee as a result of poor performance of the Mortgages;
- 6.1.9 any failure to notify HML in writing of any change to the computing systems utilised by either Administrator in the provision of the Services under the Administration Agreement which such Administrator reasonably believes to be material to the administration of the Mortgages or to provide to HML all updated software programmes necessary for use in connection with such services;
- 6.1.10 any failure to licence or procure the licence to HML of any intellectual property rights reasonably necessary to enable HML to perform its duties and obligations as Administrator and, in particular, all software

programmes used in connection with the Services so as to permit HML to use such intellectual property rights only in connection with such Services free of charge upon assumption by HML of the duties and obligations of the Administrators as provided herein; and

6.1.11 any breach of Clause 12.6 (*Trustee*) or Clause 12.10 (*Trustee*).

## 7. **EXPENSES AS SUBSTITUTE ADMINISTRATOR**

7.1 HML shall have no obligation to expend any funds or incur any cost or expense in connection with its duties if in its reasonable opinion the same shall not be assured to it from the Mortgages.

7.2 The Issuer shall reimburse HML for the reasonable fees and expenses of HML's legal advisers properly incurred in the negotiation and execution of this Agreement, together with any amounts in respect of VAT charged or chargeable in respect thereof, provided that the Issuer shall only be obliged to reimburse HML in respect of VAT incurred on fees, expenses or other amounts to the extent that any such amount in respect of VAT is not recoverable by HML by way of repayment, credit or set-off.

## 8. **CORRESPONDENCE WITH BORROWERS AND THIRD PARTIES**

8.1 Notwithstanding any other provisions of this Agreement or any other Relevant Document, upon HML's assumption of the duties and obligations of the Administrators pursuant to Clause 2 (*Appointment and Administration Fee*), each of the parties agree that HML shall only communicate with the Borrowers and/or any third party in relation to a Mortgage on behalf of the Issuer and in the name of the Sellers, the Issuer, PFPLC and/or MTS pursuant to the Administrator Powers of Attorney. For the avoidance of doubt, HML will in no circumstances be required to communicate in its own name with the Borrowers and/or any third party in relation to a Mortgage if HML does not have the necessary powers of attorney or other written authorisations or mandates and instruments to enable HML to perform the Services as Administrator on behalf of the legal owner, and/or beneficial owner of the relevant Mortgage.

8.2 Upon assumption by HML of the role of Substitute Administrator pursuant to Clause 2 (*Appointment and Administration Fee*) PFPLC and, where applicable, the Administrators, shall grant to HML a worldwide, non-exclusive, royalty-free licence to use PFPLC's and/or the Administrators' imagery, materials, intellectual property (together the "**Administration Materials**") and the confidential information of the Issuer used in connection with any of the Services provided that those rights are only used for the performance of the Services.

- 8.3 The Issuer warrants that the Administration Materials or other materials supplied or made available to HML in accordance with this Clause 8 do not infringe the intellectual property rights of any third party.
- 8.4 The Issuer shall indemnify, defend and hold harmless HML and its successors and assigns in respect of any and all losses incurred or suffered by or made against any of them and whether, wholly or in part, resulting directly or indirectly from, or connected in any way with any claim in relation to the Administration Materials or other materials supplied or made available by the Administrators from the use or possession of such materials infringes any intellectual property of any third party whether or not such losses were foreseeable at the date of entering into this Agreement. Upon termination of this Agreement in accordance with Clause 20 (*Termination by Notice*) hereof, HML shall return to the Issuer all of the Administration Materials and any other materials supplied or made available to it by the Administrators.

9. **OBLIGATIONS OF THE ADMINISTRATORS**

- 9.1 For so long as HML remains the Substitute Administrator in accordance with the provisions of this Agreement, the Administrators shall (and the Substitute Administrator shall request that the Administrators send, provide and/or notify, as applicable, to the extent that the Administrators have not sent, provided and/or notified, as applicable, the same to the Substitute Administrator):
- 9.1.1 send to HML a copy of the Administrator Report within 3 Business Days of each Principal Determination Date pursuant to clause 18.5 of the Administration Agreement;
- 9.1.2 send to HML a copy of the annual audited accounts of the Issuer within a reasonable time after their publication;
- 9.1.3 as soon as reasonably practicable thereafter use their reasonable endeavours to notify HML in writing of any change to the computing systems utilised by the Administrators in the provision of the Services under the Administration Agreement or any other change to the Administration Agreement which the Administrators reasonably believe to be material to the administration of the Mortgages (including, without limitation, change in asset type or size) or any of them and to provide to HML all updated software programmes necessary for use in connection with such Services;
- 9.1.4 use all reasonable endeavours to licence or to procure the licence to HML of any intellectual property rights and, in particular, all software programmes used in connection with the Services including the Paragon Software so as to permit HML to use such intellectual property rights

- 9.1.5 make available to or procure for the use of HML office space, facilities, equipment, systems, software, the Paragon Software and staff then in use by the Administrators in order to facilitate the assumption and performance by HML of its duties and obligations under this Agreement; and
- 9.1.6 co-operate to ensure that the administration and transfer of the Services following termination of the Administration Agreement shall be as expeditious, orderly and efficient as practicable and, in particular, the Issuer shall use its reasonable endeavours to procure that the Administrators comply with their obligations in this regard under the Administration Agreement,

provided always that HML shall treat as strictly confidential all information received or obtained by it pursuant to this Agreement and shall not use any such information for any purpose other than in the fulfilment of its role as Substitute Administrator.

## 10. SECURITY

10.1 HML agrees with the Issuer and the Trustee that subject to clause 10.2:

- 10.1.1 only the Trustee is entitled to enforce the security created in favour of the Trustee by or pursuant to the Deed of Charge in accordance with the provisions of the Deed of Charge;
- 10.1.2 HML shall not have any right to take any steps whatsoever to enforce the security created by or pursuant to the Deed of Charge or to direct the Trustee to do so;
- 10.1.3 HML shall not have any right to take any steps for the purpose of obtaining payment of any monies due and payable to it pursuant to this Agreement; and
- 10.1.4 HML shall not take any steps to recover any other debts whatsoever owing to it by the Issuer or procure the appointment of an administrative receiver in respect of or the making of an administration order against or the winding up or liquidation of the Issuer in respect of any of its liabilities whatsoever.

10.2 Notwithstanding clause 10.1 above, if:



10.2.1 the Trustee has become bound both to serve an Enforcement Notice and to enforce the security created by or pursuant to the Deed of Charge but has failed to do so within a reasonable time and such failure is continuing; or

10.2.2 any administration fee (which does not include the Substitute Administrator Commitment Fee) payable to HML or any other sum payable to HML under this Agreement in its capacity as Administrator is not paid when due and such failure continues for 60 days,

HML shall be entitled to take such steps as it shall deem necessary to enforce its rights hereunder to payment of any sum on the expiry of a period of 60 days immediately following the due date for payment of such sum.

## 11. SOFTWARE

11.1 Subject to Clause 11.2, PFPLC, as the sole and exclusive owner of the Paragon Software (as defined in clause 11.4), hereby grants to HML, free of charge and until such time as this Agreement is terminated, a non-exclusive, non-transferable licence to use the Paragon Software solely for the purpose of administering the Mortgages in accordance with this Agreement in the event that HML is appointed as Administrator pursuant to Clause 2.

11.2 To the extent permitted by applicable law, PFPLC shall not be liable to HML for any loss or damage whatsoever or howsoever arising directly or indirectly in connection with the licence granted pursuant to Clause 11.1, the Paragon Software and its use or otherwise and without prejudice to the generality of this Clause 11.2 it is agreed that PFPLC shall not be liable to HML for any indirect, special, incidental or consequential loss or damage which may arise in respect of the Paragon Software or its use or for loss of profit, revenue, anticipated savings or goodwill.

11.3 To the extent permitted by applicable law, PFPLC disclaims and excludes all warranties with respect to the Paragon Software including any implied as to its fitness for any particular purpose or merchantability.

11.4 "**Paragon Software**" means the following software packages:

11.4.1 the Paragon Account Administration System (Target);

11.4.2 the Computer Assisted Collection Account System (CACAS);

11.4.3 ARIES;

11.4.4 COMPASS;

11.4.5 Print Solution;

11.4.6 SPV system; and

11.4.7 PTTS,

and any upgrades as may be made to such software packages from time to time.

## 12. TRUSTEE

12.1 HML agrees that the Trustee shall discharge all its duties, obligations and responsibilities as Trustee in relation to the Mortgages by performing and observing its duties, obligations and responsibilities as Trustee in accordance with the provisions of the Trust Deed. Without prejudice to the generality of the foregoing, the Trustee shall be under no obligation to HML to take any steps to call in or to enforce the Security relating to any Mortgage or any collateral security therefor and shall not be liable to HML for any loss arising from any omission on its part to take any such steps.

12.2 HML acknowledges that the Trustee shall not be bound to take any steps or institute any proceedings after the service of an Enforcement Notice or take any other action to enforce the security constituted by or pursuant to the Deed of Charge unless the Trustee shall have been indemnified by HML to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all costs, charges, damages and expenses which it may incur by so doing.

12.3 Subject to the provisions of this Agreement, HML agrees with the Issuer and the Trustee to be bound by the terms of the Deed of Charge.

12.4 HML may agree with the Trustee subject to the then ratings of the Notes being unaffected:

12.4.1 alternative arrangements in relation to the Transaction Account (including arrangements for moving the Transaction Account to another bank in England nominated by HML and approved by the Trustee) and all other accounts of the Issuer as the case may be in accordance with the terms of clause 6.6 of the Administration Agreement as it considers necessary;

12.4.2 to remove all or any of the Borrowers from the Direct Debiting Scheme in accordance with clause 6.3 of the Administration Agreement and to reinstate the Direct Debiting Scheme in respect of all or any of them on such amended or other basis as it thinks fit.

- 12.5 HML shall have no liability for the obligations of the Issuer howsoever arising and nothing herein shall constitute a guarantee or similar obligation by HML of the Issuer.
- 12.6 No variation of this Agreement shall be effective unless it is in writing and signed by each of the parties to this Agreement. The Issuer and the Trustee agree that they will not make any amendment, addition to or modification to the Administration Agreement or to the Deed of Charge so as to adversely affect HML's position without HML's prior written consent (such consent not to be unreasonably withheld).
- 12.7 Nothing in this Agreement shall prevent HML from rendering services similar to those provided for in this Agreement to other persons, firms or companies carrying on business similar to or in competition with the Issuer. For the avoidance of doubt nothing in this Agreement shall oblige HML at any time to charge the same rate of interest in respect of the Mortgages as it does in respect of other assets of the same type as the Mortgages which are administered by it or of which it is the lender.
- 12.8 HML may not assign or transfer any of its rights under this Agreement without the prior written consent of the Issuer and the Trustee.
- 12.9 HML shall not be obliged to perform any of the duties and obligations of each Administrator to the extent that, but only for as long as, it is prevented from doing so by any circumstances beyond its reasonable control (including, without limitation, any present or future law or regulation or any act of any governmental authority).
- 12.10 For so long as HML acts as Substitute Administrator hereunder the Issuer shall procure that the Administrators shall:
- 12.10.1 make available to HML in respect of each Interest Period a copy of the Principal Amount Outstanding and the Pool Factor for each Note of a particular class supplied pursuant to clause 13.10.3 of the Administration Agreement to the parties mentioned therein;
  - 12.10.2 send to HML a copy of the annual audited accounts of the Issuer within a reasonable time after their publication;
  - 12.10.3 make available to HML on a monthly basis such data as it may reasonably request in relation to each Mortgage to enable it to provide the Services in relation to such Mortgages; and
  - 12.10.4 send or make available to HML such other information as HML may reasonably request.

12.11 In the event that there is any change in the identity of the Trustee in accordance with the Trust Deed, the retiring Trustee, the Administrators, HML and the Issuer shall execute such documents and take such actions as such new Trustee may reasonably require for the purpose of vesting in such Trustee the rights of the Trustee under this Agreement and the Deed of Charge and, if so determined by the new Trustee, releasing the retiring Trustee from further obligations thereunder and, while any Note remains outstanding, shall give notice thereof to the Rating Agencies.

12.12 Nothing herein contained shall impose any obligation or liability on the Trustee to assume or perform any of the obligations of the Issuer, HML or the Administrators hereunder or render it liable for any breach thereof.

### 13. **WARRANTIES**

13.1 The Issuer and the Trustee warrant with HML:

13.1.1 that the servicing and collection practices with respect to each Mortgage have been conducted in all respects in accordance with the terms of the relevant Relevant Documents and in compliance with all applicable laws and regulations and in accordance with the proper and customary practices in the business of originating and servicing assets of the same type as the Mortgages; and

13.1.2 the administration of the Mortgages shall be kept up to date at all times and HML shall not be responsible if it becomes the Administrator for remedying any breach or defect in the administration of the Mortgages relating to the period prior to HML becoming the Administrator save on such terms as HML may agree with the Issuer and the Trustee.

### 14. **GOVERNING LAW**

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English law.

### 15. **NOTICES**

Any notices required to be served hereunder shall be in writing and sent by prepaid post or by facsimile transmission or by email transmission and shall be deemed to be given upon receipt and shall be delivered or sent:

15.1.1 in the case of the Issuer, to the address appearing at the beginning of this Agreement (facsimile number: 0121 712 2072, for the attention of The Company Secretary or email to [Company\\_Secretary@Paragon-group.co.uk](mailto:Company_Secretary@Paragon-group.co.uk) for the attention of The Company Secretary);

- 15.1.2 in the case of PFPLC, to the address appearing at the beginning of this Agreement (facsimile number: 0121 712 2072, for the attention of The Company Secretary or email to Company\_Secretary@Paragon-group.co.uk for the attention of The Company Secretary);
- 15.1.3 in the case of MTS, to the address appearing at the beginning of this Agreement (facsimile number: 0121 712 2072, for the attention of The Company Secretary or email to Company\_Secretary@Paragon-group.co.uk for the attention of The Company Secretary);
- 15.1.4 in the case of HML, to the address appearing at the beginning of this Agreement (facsimile number: 01756 776963, for the attention of the Society Secretary with a copy to Gateway house, Gargrave Road, Skipton, BD23 2HL);
- 15.1.5 in the case of the Trustee, to the address appearing at the beginning of this Agreement (facsimile number: 020 7500 2931, for the attention of: Agency & Trust); and
- 15.1.6 in the case of the Substitute Administrator Facilitator, to 35 Great St. Helen's, London EC3A 6AP, United Kingdom (facsimile number: 0207 398 6325, for the attention of the Directors).

## 16. LICENCES

- 16.1 When it is appointed as Substitute Administrator (as in Clause 20.12 of the Administration Agreement) HML will be supplied with all items necessary to undertake the role in accordance with clause 17.3 of the Administration Agreement within five Business Days.
- 16.2 Software licences referred to in clause 17.1 of the Administration Agreement will be made available to HML for the six month period referred to in clause 17.3.2 of the Administration Agreement, free of cost to HML.
- 16.3 Failure to meet either of the above conditions will give HML the right to terminate this Agreement forthwith by notice in writing.

## 17. USE OF MORTGAGE PORTFOLIO DATA

- 17.1 The parties acknowledge and agree that upon its appointment as Administrator, HML and/or its subsidiary Baseline Capital Limited may use data from the portfolio of Mortgages administered by HML as Administrator (the "**Mortgage Portfolio Data**") as HML and/or Baseline Capital Limited may reasonably require to undertake pooled analysis of such data and other pooled data services for HML's or Baseline Capital Limited's other clients.

17.2 HML undertakes that any use of the Mortgage Portfolio Data in connection with the production of models and other reports by it or Baseline Capital Limited shall be on an anonymised basis and any such use shall be discontinued upon the written request of the Issuer, a Seller or the Trustee.

**18. TERMINATION BY HML**

18.1 Without prejudice to Clause 19 (*Termination by Issuer*) or Clause 20 (*Termination by Notice*), HML may at any time prior to assuming the duties and obligations of the Administrator pursuant to Clause 2 (*Appointment and Administration Fee*) by serving notice in writing to the Issuer (with a copy to the Substitute Administrator Facilitator and the Trustee), terminate this Agreement (and HML shall be released from all obligations under this Agreement) if:

18.1.1 the Issuer fails to make any payment due to HML hereunder on the due date for payment thereof or within 20 Business Days thereafter;

18.1.2 any amendment, addition or modification is made without HML's consent (such consent not to be unreasonably withheld or delayed) to the Relevant Documents which, in the reasonable opinion of HML, is materially prejudicial to HML without an appropriate increase in its fees being agreed by HML;

18.1.3 provided that it has fully complied with its obligations under Clause 5.2, HML no longer holds the Authorisations required for it lawfully to carry out all the obligations of the Administrator contemplated by the Administration Agreement and/or this Agreement, including any FSMA Authorisations and the Consumer Credit Acts 1974 and 2006, and for the avoidance of doubt HML shall not be obliged to continue in its role as substitute, if it has been appointed pursuant to Clause 2 (*Appointment and Administration Fee*), if it no longer holds such Authorisations; or

18.1.4 other than as a result of a Termination Event, the Administrators fail to provide:

(a) any information set out in Clauses 3.2, 3.3 and 9.1 and such failure is not remedied within 15 Business Days of the date on which such information is required to be delivered or requested under this Agreement;

(b) any access required as set out in Clause 9.1; and

(c) any co-operation required as set out in Clauses 3.2, 3.3, 3.4, 8.1 and 9.1.

18.2 This Agreement will also terminate with immediate effect, and without any requirement that notice be given, on any date on which the Secured Amounts are repaid or paid in full.

18.3 Termination of this Agreement shall be without prejudice to HML's existing rights.

**19. TERMINATION BY ISSUER**

19.1 Without prejudice to Clause 18 (*Termination by HML*) or Clause 20 (*Termination by Notice*), the Issuer may at any time terminate this Agreement prior to HML assuming the duties and obligations of the Administrator pursuant to Clause 2 (*Appointment and Administration Fee*) by serving notice in writing to HML (with a copy to the Substitute Administrator Facilitator), terminate this Agreement (and HML shall be released from all obligations under this Agreement) if:

19.1.1 default is made by HML in the performance or observance of any of its covenants and obligations under the Substitute Administrator Agreement where, in the opinion of the Issuer, such default or breach is materially prejudicial to the interests of the Most Senior Class of Notes and such default is not remedied for a period of 30 days after the earlier of HML becoming aware of such default and receipt by HML of written notice from the Issuer or, following delivery of an Enforcement Notice, the Trustee requiring the same to be remedied;

19.1.2 HML fails to assume the performance of the calculation of all amounts payable by the Issuer under the Relevant Documents and Conditions and the issuance of the relevant payment instructions on behalf of the Issuer within 5 Business Days of being notified of the occurrence of a Termination Event in respect of the Administrator;

19.1.3 it is or will become unlawful for HML to perform or comply with any of its obligations under this Agreement; or

19.1.4 an Insolvency Event occurs in relation to HML.

**20. TERMINATION BY NOTICE**

20.1 This Agreement may be terminated by HML or the Issuer on the date falling 6 months after the date of receipt by the other parties to this Agreement and the Substitute Administrator Facilitator of written notice from HML or the Issuer (each with a copy to the Substitute Administrator Facilitator), as the case may be, of an intention to terminate this Agreement, provided that if upon such date a replacement Substitute Administrator which satisfies the applicable criteria of

the Rating Agencies necessary to maintain the then current ratings of the Most Senior Class has not been appointed by the Issuer this Agreement shall instead terminate on the earlier of:

- 20.1.1 the date falling 12 months after the date of receipt by the other parties to this Agreement and the Substitute Administrator Facilitator of written notice from HML or the Issuer (each with a copy to the Substitute Administrator Facilitator and the Trustee), as the case may be, of an intention to terminate this Agreement; and
  - 20.1.2 the date of appointment of a replacement Substitute Administrator which satisfies the applicable criteria of the Rating Agencies necessary to maintain the then current ratings of the Most Senior Class.
- 20.2 If HML issues a written notice to terminate its appointment pursuant to Clause 20.1, the Issuer will use its best endeavours (with the assistance of the Substitute Administrator Facilitator) to identify and appoint on or prior to the date falling 6 months after the date of receipt by the Issuer of such written notice (or such further period as may be necessary) a replacement Substitute Administrator which satisfies the applicable criteria of the Rating Agencies necessary to maintain the then current ratings of the Most Senior Class.
21. **VAT**
- 21.1 Subject to the proviso to Clause 7.2, all sums referred to in this Agreement are expressed exclusive of any amounts in respect of VAT which shall be payable in addition wheresoever appropriate.
- 21.2 If H.M. Revenue & Customs demands payment of any amount from the Issuer in respect of any amounts payable to H.M. Revenue & Customs in respect of any Paragon Group VAT, the Issuer or, if so requested by the Issuer, the Substitute Administrator on its behalf, shall notify PFPLC and the Trustee in writing of the amount so demanded (the "**Demanded Amount**") and shall at the same time provide evidence satisfactory to the Trustee (with a copy to PFPLC) that such demand has been made.
- 21.3 PFPLC agrees that if it is unable to pay, or procure payment of, the Demanded Amount, it will send to the Substitute Administrator and the Trustee a copy of its written notification to the Issuer stating that it does not have sufficient funds to pay all or part of the Demanded Amount and has been unable to procure any other appropriate member of the Paragon VAT Group or any other person to pay the same, in whole or in part. Such notification shall state, where the Demanded Amount has been partially paid, the amount of the Demanded Amount which remains unpaid.



- 21.4 In the event that, after receiving any notification pursuant to clause 21.3, the Trustee serves notice on the Substitute Administrator requiring it to procure that an application is made to H.M. Revenue & Customs for the Issuer to cease to be a member of the Paragon VAT Group, the Substitute Administrator agrees to make forthwith the necessary application to H.M. Revenue & Customs.
- 21.5 The provisions of Clauses 21.1 to 21.4 (inclusive) shall only take effect from the date on which HML assumes the duties and obligations of each Administrator as described in this Agreement and for so long as HML is acting as Administrator in accordance with the provisions of this Agreement.
- 21.6 For the purposes of this Clause 21:
- "Paragon Group VAT"** means all amounts from time to time payable to H.M. Revenue & Customs in respect of the VAT liability of the Paragon VAT Group; and
- "Paragon VAT Group"** means the group of companies presently consisting of PFPLC and the other companies which are members of the VAT group of which PFPLC is the representative member, as the same may vary at any time and from time to time.
- 21.7 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.

**IN WITNESS WHEREOF** the parties hereto have executed this Agreement as a deed the day and year first before written.

**EXECUTED** as a **DEED** by )  
**Paragon Finance PLC** )  
signed for and on its behalf by one of its )  
directors )

Witness's signature:

Name (print):

Occupation:

Address:

**EXECUTED** as a **DEED** by )  
**Mortgage Trust Services PLC** )  
signed for and on its behalf by one of its )  
directors )

Witness's signature:

Name (print):

Occupation:

Address:

**EXECUTED** as a **DEED** by )  
**Citicorp Trustee Company Limited** )  
signed for and on its behalf by one of its duly )  
authorised attorneys )

Witness's signature:

Name (print):

Occupation:

Address:

**EXECUTED** as a **DEED** by )  
**Paragon Mortgages (No. 13) PLC** )  
signed for and on its behalf by one of its )  
directors )

Witness's signature:

Name (print):

Occupation:

Address:

**EXECUTED** as a **DEED** by )  
**Homeloan Management Limited** )  
signed for and on its behalf by one of its )  
directors )

Witness's signature:

Name (print):

Occupation:

Address:

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

*The Issuer*

**Executed by:**

**PARAGON MORTGAGES (NO. 13) 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:

*An Administrator*

**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:

*An Administrator*

**Executed by:**

**MORTGAGE TRUST SERVICES 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 Substitute Administrator*

**Executed by:**

**HOMELoAN MANAGEMENT LIMITED**

**as its deed as follows:**

Signed for and on its behalf by one of its directors

By:

Name:

Title:

**Witness**

Signature:

Name:

Occupation:

Address:

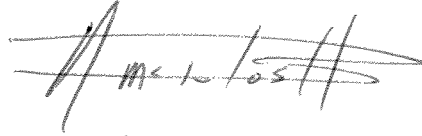
*The Trustee*

**Executed by:**

**CITICORP TRUSTEE COMPANY  
LIMITED**

**as its deed as follows:**

Signed for and on its behalf by a duly  
authorised attorney



By:

Name:

Title:

Andrew McIntosh  
Vice President  
Citibank N.A.  
25 Canada Square  
Canary Wharf  
London E14 5LB


**Witness**

Signature:

Name:

Occupation:

Address:

  
Adam Wood  
Trainee Solicitor  
10 Upper Bank Street, London, E14 5JJ

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

*The Issuer*

Executed by:

PARAGON MORTGAGES (NO. 13) PLC

as its deed as follows:

Signed for and on its behalf by one of its directors

By:

Name: J. C. CEMMELL

Title: DIRECTOR


Witness

Signature:

Name:

Occupation:

Address:

  
A-S KITCHING  
COMPLIANCE MANAGER  
51 HOMER ROAD  
SOUTHALL B91 3QJ

*An Administrator*

Executed by:

PARAGON FINANCE PLC

as its deed as follows:

Signed for and on its behalf by one of its directors

By:

Name: J. C. CEMMELL

Title: DIRECTOR


Witness

Signature:

Name:

Occupation:

Address:

  
A-S KITCHING  
COMPLIANCE MANAGER  
51 HOMER ROAD  
SOUTHALL B91 3QJ

*An Administrator*

Executed by:

**MORTGAGE TRUST SERVICES PLC**

as its deed as follows:

Signed for and on its behalf by one of its directors

By:

Name: J. C. GIBSON

Title: DIRECTOR

Witness

Signature:

Name: A. S. KITCHING

Occupation: COMPLIANCE MANAGER

Address: 51 HOMER ROAD  
SOLIHULL B31 3QJ

*The Substitute Administrator*

Executed by:

**HOMELoAN MANAGEMENT LIMITED**

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:**

**CITICORP TRUSTEE COMPANY  
LIMITED**

**as its deed as follows:**

Signed for and on its behalf by a duly  
authorised attorney

By:

Name:

Title:

**Witness**

Signature:

Name:

Occupation:

Address:

*An Administrator*

**Executed by:**

**MORTGAGE TRUST SERVICES 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 Substitute Administrator*

**Executed by:**

**HOMELoAN MANAGEMENT LIMITED**

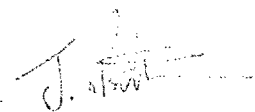
**as its deed as follows:**

Signed for and on its behalf by one of its directors

By:

Name:

Title:



**Jonathan Pattinson**

**Chief Risk & HR Officer**

**Witness**

Signature:

Name:

Occupation:

Address:



**Alexander Tudhope**

**Legal Services Assistant**

**Gateway House, Gargrave Road  
Skipton, N. Yorkshire, BD23 2HL**