

EXECUTION COPY

Dated 22 March 2007

PARAGON MORTGAGES (No.14) PLC
as Issuer

and

THE ROYAL BANK OF SCOTLAND PLC
as Remarketing Agent and A1 Note Conditional Purchaser

and

CITIBANK N.A., LONDON BRANCH
as Tender Agent

and

CITICORP TRUSTEE COMPANY LIMITED
as Trustee

REMARKETING AGREEMENT

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THIS AGREEMENT is made on 22 March 2007 between:

- (1) **PARAGON MORTGAGES (No.14) PLC** (registered number 6043254) 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** acting through its office at 135 Bishopsgate, London, EC2M 3UR in its capacity as remarketing agent pursuant to this Agreement (the "**Remarketing Agent**", together with any successor appointed under Clause 4.3 to perform the functions expressed to be performed by the Remarketing Agent in this Agreement) and in its capacity as the A1 Note conditional purchaser (the "**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**" and any successor appointed under Clause 9.4 to perform the functions expressed to be performed by the Tender Agent in this Agreement); and
- (4) **CITICORP TRUSTEE COMPANY LIMITED**, whose principal London office is at Citigroup Centre, 14th Floor, Canada Square, Canary Wharf, London, E14 5LB (the "**Trustee**" which expression shall, where the context so permits, include such company and all other persons from time to time appointed as trustees under the Trust Deed).

WHEREAS:

- (A) On the Closing Date, the Issuer proposes to issue, amongst other things, \$1,500,000,000 Class A1 Mortgage Backed Floating Rate Notes due 2039 (the "**Class A1 Notes**").
- (B) The Class A1 Notes will be issued subject to the A1 Note Mandatory Transfer Condition.
- (C) The Issuer wishes to appoint the Remarketing Agent as its agent to identify third party purchasers of the Class A1 Notes on each A1 Note Mandatory Transfer Date beginning with the first A1 Note Mandatory Transfer Date falling on 15 December 2007 (subject to the occurrence of a Remarketing Termination Event) or, in the circumstances described in this Agreement, to give notice to the A1 Note Conditional Purchaser confirming its obligations to purchase the Class A1 Notes pursuant to the A1 Note Conditional Purchase Agreement.
- (D) The Issuer wishes to appoint the Tender Agent to facilitate the transfers of Class A1 Notes contemplated in the A1 Note Mandatory Transfer Condition.

1. INTERPRETATION

- 1.1 In this agreement

"**A1 Interest Payment Date**" means the 15th day of each month beginning 15 April 2007 (or if any such day is not Business Day, the next succeeding Business Day);

"A1 Note Conditional Purchase Agreement" means the agreement dated 22 March 2007 between the Issuer, the Remarketing Agent, the A1 Note Conditional Purchaser, Paragon Finance PLC as an Administrator, Mortgage Trust Services PLC as an Administrator, Paragon Mortgages Limited as Title Holder, Mortgage Trust Limited as Title Holder and Citicorp Trustee Company Limited as Trustee;

"A1 Note Conditional Purchase Commitment Period" has the meaning given to it in the A1 Note Conditional Purchase Agreement;

"A1 Note Conditional Purchaser Confirmation" means confirmation to the Issuer, the Administrator and the Principal Paying Agent by the Remarketing Agent or Tender Agent that the interest in the Class A1 Notes has been transferred to the name or account of, or on behalf of, the A1 Note Conditional Purchaser;

"A1 Noteholders" means the holders of the Class A1 Notes;

"A1 Note Mandatory Transfer Arrangements" means the arrangements in respect of the annual mandatory transfer of the Class A1 Notes in accordance with the A1 Note Conditional Purchase Agreement, this Agreement and the Trust Deed;

"A1 Note Mandatory Transfer Condition" means Condition 5(i) of the Notes, which provides for the transfer of the Class A1 Notes on each A1 Note Mandatory Transfer Date and which the Issuer anticipates satisfying by either requiring the Remarketing Agent to identify purchasers for the Class A1 Notes, or requiring the Remarketing Agent to serve notice on the A1 Note Conditional Purchaser confirming its obligation to purchase the Class A1 Notes under the terms of the A1 Note Conditional Purchase Agreement;

"A1 Note Mandatory Transfer Date" means each A1 Interest Payment Date falling in December of each year and commencing in December 2007;

"A1 Note Mandatory Transfer Price" means the amount of the payment to the A1 Noteholders on the relevant A1 Note Mandatory Transfer Date constituting the Principal Amount Outstanding on the Class A1 Notes on that date (following application of the Class A Available Redemption Funds on that date and without prejudice to the Issuer's obligations to make payments on the Class A1 Notes on that date) (except to the extent that the Class A1 Notes are purchased by the A1 Note Conditional Purchaser, where the A1 Note Mandatory Transfer Price shall be the GBP Equivalent of such amount);

"A1 Note Mandatory Transfer Termination Event" means the A1 Note Conditional Purchaser has purchased all the Class A1 Notes under the terms of the A1 Note Mandatory Transfer Arrangements and an A1 Note Conditional Purchaser Confirmation has been given that the interests in the Class A1 Notes have been transferred to the name or account of, or on behalf of, the A1 Note Conditional Purchaser;

"Administrators" means PFPLC and MTS, with PFPLC responsible for any cash management functions under the Administration Agreement (and "Administrator" shall be construed accordingly);

"Available Redemption Funds" has the meaning ascribed thereto in Condition 5(a) of the Notes;

"Business Day" has the meaning ascribed thereto in Condition 4 of the Notes;

"Class A Available Redemption Funds" has the meaning given to it in Condition 5(a) of the Notes;

"Class A Notes" means, as the context may require:

- (a) the \$1,500,000,000 Class A1 Mortgage Backed Floating Rate Notes due 2039 (the "Class A1 Notes"),
- (b) the £125,000,000 Class A2a Mortgage Backed Floating Rate Notes due 2039 (the "Class A2a Notes"),
- (c) the €246,000,000 Class A2b Mortgage Backed Floating Rate Notes due 2039 (the "Class A2b Notes"), and
- (d) the \$400,000,000 Class A2c Mortgage Backed Floating Rate Notes due 2039 (the "Class A2c Notes"),

or the amount thereof from time to time outstanding or, as the context may require, a specific number thereof;

"Class A2 Notes" means the Class A2a Notes, Class A2b Notes and the Class A2c Notes;

"Class B Notes" means, as the context may require:

- (a) the £51,900,000 Class B1a Mortgage Backed Floating Rate Notes due 2039 (the "Class B1a Notes") and
- (b) the €88,800,000 Class B1b Mortgage Backed Floating Rate Notes due 2039 (the "Class B1b Notes"),

or the amount thereof from time to time outstanding or, as the context may require, a specific number thereof;

"Class C Notes" means, as the context may require:

- (a) the £20,000,000 Class C1a Mortgage Backed Floating Rate Notes due 2039 (the "Class C1a Notes") and
- (b) the €135,500,000 Class C1b Mortgage Backed Floating Rate Notes due 2039 (the "Class C1b Notes").

or the amount thereof from time to time outstanding or, as the context may require, a specific number thereof;

"**Clearing Systems**" means DTC, Euroclear and Clearstream, Luxembourg, as applicable;

"**Clearstream, Luxembourg**" means Clearstream Banking, société anonyme, or any successor in business thereto;

"**Closing Date**" means 22 March 2007;

"**Conditional Purchase Activation Notice**" has the meaning given to it in the A1 Note Conditional Purchase Agreement;

"**Conditions**" has the meaning given to it in the Trust Deed;

"**Currency Swap A1 Agreement**" means the confirmation dated 22 March 2007 in respect of the cross currency swap transaction between the Issuer and the Currency Swap Provider in relation to the Class A1 Notes entered into between such parties under the terms of a 1992 ISDA Master Agreement (Multicurrency - Cross Border) and the Schedule thereto both dated as of 22 March 2007 and the English law credit support annex to that Schedule;

"**Currency Swap Provider**" means Barclays Bank PLC;

"**Definitive Class A1 Notes**" means the notes in definitive registered form to be issued in respect of the Class A1 Notes, as the context may require, pursuant to, and in the circumstances specified in, Clause 3.2 of the Trust Deed and includes any replacements for the Definitive Class A1 Notes of that class issued pursuant to Condition 11 of the Notes;

"**DTC**" means The Depository Trust Company or any successor depository;

"**Euroclear**" means Euroclear Bank S.A./N.V., as operator of the Euroclear System or any successor in business thereto;

"**Event of Default**" means any of the events described in Condition 9 of the Notes;

"**Exchange Act**" means the U.S. Securities and Exchange Act of 1934, as amended;

"**GBP Equivalent**" has the meaning given to it in Condition 1(c) of the Notes;

"**Global Notes**" means the Global Rule 144A Notes and Global Reg S Notes;

"**Global Reg S Notes**" has the meaning ascribed thereto in Condition 1(b) of the Notes and includes a "**Global A1 Reg S Note**" in respect of the Class A1 Notes which are issued under Regulation S of the Securities Act;

"**Global Rule 144A Note**" has the meaning ascribed thereto in Condition 1(b) of the Notes and comprises either a "**Global A1 Rule 144A Note**" in respect of the Class A1

Notes which are Rule 144A Notes or a "Global A2c Rule 144A Note" in respect of the Class A2c Notes which are 144A Notes or both, as the context may require;

"Incoming A1 Noteholders" has the meaning given to it in Clause 3.13.1(a);

"Initial Principal Amount" in relation to each Note means the initial face principal amount of that Note upon issue of the relevant global note relating to that Note;

"Interest Payment Date" means 15 September, 15 December, 15 March and 15 June or if any such day is not a Business Day, the next succeeding Business Day (each such day as so adjusted);

"Investment Company Act" means the U.S. Investment Company Act of 1940, as amended;

"Managers" means Deutsche Bank AG, London Branch, HSBC Bank plc, The Royal Bank of Scotland plc, ABN AMRO N.V., London Branch, Barclays Bank PLC, JP Morgan Securities Ltd. and ING Belgium S.A./N.V.;

"Maximum Reset Margin" means 0.10 per cent. per annum up to the Interest Payment Date falling in March 2012 and 0.20 per cent. per annum thereafter;

"Mortgage Sale Agreement" means the mortgage sale agreement dated 22 March 2007 entered into between 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, the Issuer and the Trustee;

"Mortgages" has the meaning given in the Mortgage Sale Agreement;

"MTS" means Mortgage Trust Services plc (registered number 3940202) whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE;

"Notes" means the Class A Notes, the Class B Notes and the Class C Notes or any of them, as the case may be;

"PFPLC" means Paragon Finance plc (registered number 1917566), with its registered office at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE;

"Principal Amount Outstanding" has the meaning given to it in Condition 5(b) of the Notes;

"Principal Determination Date" means in relation to an Interest Payment Date the last Business Day of the month preceding that in which such Interest Payment Date falls;

"Principal Paying Agent" means Citibank, N.A., London Branch;

"Priority of Payments" means, as applicable, the Revenue Priority of Payments, the Principal Priority of Payments and the Enforcement Priority of Payments (each as defined in Condition 2 of the Notes);

"Rating Agencies" means Standard & Poor's, a division of The McGraw-Hill Companies, Inc, Moody's Investors Service Inc. and Fitch Ratings Ltd.;

"Reference Rate" has the meaning given to it in Condition 4(c)(i);

"Registrar" means the registrar as appointed under the terms of the Agency Agreement to maintain a register in accordance with the Terms and Conditions of the Notes;

"Relevant Documents" means the documents listed in Schedule 1 of the A1 Note Conditional Purchase Agreement;

"Remarketing Agent Accession Letter" means an agreement in the form set out in Schedule 1;

"Remarketing Agent Termination Event" has the meaning given to it in Clause 4.1;

"Remarketing Termination Event" has the meaning given to it in Clause 5.2;

"Reset Margin" means (i) a percentage that is the lowest margin at which all the Class A1 Notes will be purchased by third parties not exceeding the Maximum Reset Margin determined by the Remarketing Agent in accordance with this Agreement or (ii) the Maximum Reset Margin. For the avoidance of doubt, the Reset Margin may be a negative number which may therefore result in the determination of the Rate of Interest applicable to the Class A1 Notes being a number lower than the relevant Reference Rate;

"Reset Period" means the period commencing on the A1 Note Mandatory Transfer Date falling in December 2007 up to but excluding the next A1 Note Mandatory Transfer Date and thereafter the period from each A1 Note Mandatory Transfer Date up to but excluding the next A1 Note Mandatory Transfer Date;

"Securities Act" means the U.S. Securities and Exchange Act of 1933, as amended;

"Tender Agent Accession Letter" means an agreement in the form set out in Schedule 2;

"Tender Agent Termination Event" has the meaning given to it in Clause 9.1; and

"Trust Deed" means the deed dated on or around the date hereof between, among others, the Trustee and the Issuer.

- 1.2 The headings and the contents page in this Agreement (which expression shall include the Schedules hereto) shall not affect its interpretation.

- 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 gender and words denoting persons only shall include firms and corporations and vice versa.
- 1.4 References to Clauses, sub-clauses and Schedules shall, unless the context otherwise requires, be to Clauses and sub-clauses of and schedules to this Agreement.
- 1.5 Any reference to an enactment is a reference to it as already amended and includes a reference to any repealed enactment which it may re-enact, with or without amendment, and to any re-enactment and/or amendment of it.
- 1.6 All certificates required to be provided pursuant to this Agreement shall be certificates signed by duly authorised representatives of the persons or companies required to provide such certificates.
- 1.7 Reference to any document or agreement shall include reference to such document or agreement as varied, supplemented or replaced from time to time.

2. APPOINTMENT OF REMARKETING AGENT

- 2.1 The Issuer appoints the Remarketing Agent to act as its agent:
 - 2.1.1 in respect of the remarketing of the Class A1 Notes on or prior to each A1 Note Mandatory Transfer Date commencing with the A1 Note Mandatory Transfer Date falling in December 2007 provided that:
 - (a) no Remarketing Termination Event has occurred;
 - (b) no A1 Note Mandatory Transfer Termination Event has occurred; and
 - (c) the Class A1 Notes have not all been redeemed and a notice has not been given to the A1 Noteholders in accordance with Condition 5(d),and
 - 2.1.2 in connection with the possible purchase of the Class A1 Notes by the A1 Note Conditional Purchaser on each A1 Note Mandatory Transfer Date as further prescribed below.
- 2.2 The Remarketing Agent accepts such appointment, both appointment and acceptance being subject to the following terms and conditions.

3. REMARKETING

3.1 Determination of Principal Amounts

Subject to a Remarketing Termination Event not having occurred, as soon as possible after the Principal Determination Date immediately prior to each A1 Note Mandatory Transfer Date and in any event not later than five Business Days after the Principal Determination Date, the Issuer will:

3.1.1 procure that the Administrator notifies the Remarketing Agent of the expected Principal Amount Outstanding of the Class A1 Notes on each A1 Note Mandatory Transfer Date after the application of Available Redemption Funds on such date; and

3.1.2 procure that the Administrator notifies the Remarketing Agent and the Tender Agent of:

- (a) the name of the issue, and CUSIP numbers for the Class A1 Notes;
- (b) the date of the relevant A1 Note Mandatory Transfer Date; and
- (c) the indicative amount provided for in Clause 3.1.1.

and the Tender Agent will as soon as practicable notify DTC (and Euroclear and Clearstream, Luxembourg if applicable) pursuant to Clause 7.1.2.

3.2 Approaches to Third Party Investors

Subject to a Remarketing Termination Event not having occurred, following the notification and based on the information provided in Clause 3.1 above, the Remarketing Agent will identify third party US money market fund purchasers who invest in securities which they believe to be "Eligible Securities" for the purposes of Rule 2a-7 under the Investment Company Act ("Target Short Term Purchasers") to buy the Class A1 Notes on the relevant A1 Note Mandatory Transfer Date.

3.3 Third Party Bids

Subject to a Remarketing Termination Event not having occurred, the Remarketing Agent will seek bids from Target Short Term Purchasers for the margin to apply to the Class A1 Notes from the relevant A1 Note Mandatory Transfer Date at which they (collectively) would be willing to purchase all of the Class A1 Notes at a price equal to their Principal Amount Outstanding. If there are one or more third parties willing to purchase in aggregate all the outstanding Class A1 Notes, the margin on all of the Class A1 Notes will be reset to the Reset Margin as determined by the Remarketing Agent. The Remarketing Agent will carry out the remarketing and bid-seeking activities in Clause 3.2 above and this Clause 3.3 (the "Remarketing Activities") in good faith bearing in mind the Issuer's concern to achieve a Reset Margin as low as possible and with no less diligence than the Remarketing Agent would apply in the ordinary course of the Remarketing Agent's sales and trading business with regard to the relevant type of investor (being Target Short Term Purchasers where a Remarketing Termination Event has not occurred).

3.4 Setting of Maximum Reset Margin

If the A1 Note Conditional Purchaser purchases all the Class A1 Notes on an A1 Note Mandatory Transfer Date, then the margin on the Class A1 Notes will be reset to the Maximum Reset Margin as from such A1 Note Mandatory Transfer Date.

3.5 Notification of Reset Margin

On or prior to the day which is three Business Days prior to an A1 Note Mandatory Transfer Date, the Remarketing Agent shall provide notice in writing to the Issuer, the Administrator, the Tender Agent and the Principal Paying Agent of the then applicable Reset Margin.

3.6 Payment of Purchase Funds

The Remarketing Agent in conjunction with the Tender Agent shall co-ordinate the payment of the relevant A1 Note Mandatory Transfer Price in respect of the Target Short Term Purchasers' bids for the Class A1 Notes received in accordance with Clause 3.3 above so as to enable settlement of the purchase of the relevant Class A1 Notes on the relevant A1 Note Mandatory Transfer Date by the Tender Agent (subject to the Tender Agent performing the Tender Agent's duties in accordance with Clause 7).

3.7 Purchase by A1 Note Conditional Purchaser

3.7.1 To the extent that the Remarketing Agent is unable to:

- (a) obtain firm bids for all of the Class A1 Notes outstanding in accordance with Clause 3.3 by the day which is three Business Days before the relevant A1 Note Mandatory Transfer Date; and/or
- (b) procure the payment of the related purchase funds to enable such settlement of the Class A1 Notes as is contemplated in Clause 3.6 above.

the Remarketing Agent shall give a Conditional Purchase Activation Notice to the A1 Note Conditional Purchaser prior to the relevant A1 Note Mandatory Transfer Date in the manner set out in the A1 Note Conditional Purchase Agreement.

3.7.2 To the extent that an A1 Note Mandatory Transfer Termination Event has not occurred prior to an A1 Note Mandatory Transfer Date the Issuer or the Administrator on its behalf (if so procured by the Issuer) shall give a Conditional Purchase Activation Notice to the A1 Note Conditional Purchaser in the manner and circumstances set out in Clause 1.2(g) of the A1 Note Conditional Purchase Agreement prior to such A1 Note Mandatory Transfer Date. Such notice may also be given on behalf of the Issuer by the Remarketing Agent.

3.8 Compliance with law

- 3.8.1 The Remarketing Agent will carry out its remarketing activities hereunder in accordance with all applicable laws and regulations.
- 3.8.2 If the requirements of Rule 2a-7 of the Investment Company Act in respect of the potential eligibility of the Class A1 Notes for purchase by money market

funds have changed, the Issuer has the option to instruct such counsel to do further work to advise on the status of the Class A1 Notes as the Issuer sees fit. The Remarketing Agent will reimburse the Issuer's properly incurred legal costs described in this Clause 3.8.2 exclusive of VAT and disbursements, such costs having been agreed in advance between the Remarketing Agent and the Issuer on the basis of the quote received prior to New York counsel being instructed. Any costs in excess of this amount shall be borne by the Issuer. If such work is deemed too costly or time consuming, the Issuer and the Remarketing Agent may agree that a Remarketing Termination Event under Clause 5.1.2 will occur.

- 3.8.3 Either the Issuer or the Remarketing Agent may elect a Remarketing Termination Event under Clause 5.1.2 in the applicable circumstances prescribed in that paragraph prior to any A1 Note Mandatory Transfer Date.
- 3.8.4 The Remarketing Agent will not arrange for the transfer of any Class A1 Notes to Target Short Term Purchasers in respect of an A1 Note Mandatory Transfer Date if a Remarketing Termination Event has occurred on or prior to such A1 Note Mandatory Transfer Date.

3.9 Limitation of Liabilities

It is acknowledged that neither the Issuer nor the Remarketing Agent shall have any obligation or liability under any circumstances to purchase Class A1 Notes. The Issuer shall not have any obligation or liability with respect to the arrangement of the sale of Class A1 Notes by the Remarketing Agent. For the avoidance of doubt, the Remarketing Agent shall have no liability if, after having used the level of efforts required by Clause 3.4, it fails for whatever reason to procure a purchaser of the Class A1 Notes at the appropriate time, unless the failure to procure a purchase is the result of its own fraud, wilful default, negligence or bad faith.

3.10 Notification

If the Remarketing Agent fails to take any action that it is required to take pursuant to this Agreement, it shall forthwith notify the Issuer, the Administrator, the Trustee, the A1 Note Conditional Purchaser, the Tender Agent and the Principal Paying Agent in writing.

3.11 General

In acting under this Agreement, the Remarketing Agent:

- 3.11.1 may take such steps as it considers appropriate in order to effect an orderly remarketing of the Class A1 Notes under this Clause 3;
- 3.11.2 will arrange for the A1 Note Mandatory Transfer Price to be paid by the Incoming A1 Noteholders (as defined below) or the A1 Note Conditional

Purchaser (as the case may be) to the A1 Noteholders in respect of each transfer of the Class A1 Notes;

- 3.11.3 may consult on any legal matter any legal adviser selected by it, who may be an adviser to the Issuer, and it shall not be liable in respect of anything done or omitted to be done relating to that matter in good faith in accordance with that adviser's opinion; or
- 3.11.4 may other than in its capacity as Remarketing Agent acquire, hold or dispose of any Class A1 Notes or other securities (or any interest therein) of the Issuer or any other person, may enter into or be interested in any contract or transaction with any such person and may act on, or as depositary, trustee or agent for, any committee or body of holders of any securities of any such person in each case with the same rights as it would have had if the Remarketing Agent were not the Remarketing Agent, and need not account for any profit.

3.12 Transfer and Settlement of Class A1 Notes

The Remarketing Agent will act in accordance with Condition 5(i) of the Notes, the A1 Note Conditional Purchase Agreement and the other provisions of this Agreement with a view to facilitating the transfer and settlement of the Class A1 Notes on each A1 Note Mandatory Transfer Date as contemplated thereby (subject to the performance of the duties of the other parties to this Agreement necessary to enable the same) and will cooperate with the Tender Agent with a view to achieving the same. For the avoidance of doubt, the Remarketing Agent will not under any circumstances become beneficial owner of the Class A1 Notes in connection with the performance of its activities under this Agreement.

3.13 Notification to DTC and Delivery of Class A1 Notes

The Remarketing Agent shall act as the Issuer's agent in:

- 3.13.1 providing or procuring the provision of (to the extent the Class A1 Notes are held in global form) written notice of the following information in respect of the Class A1 Notes to DTC (and Euroclear and Clearstream, Luxembourg if applicable) by no later than two Business Days prior to each A1 Note Mandatory Transfer Date:
 - (a) the A1 Note Mandatory Transfer Price payable by the Target Short Term Purchasers wishing to purchase the Class A1 Notes (including, for the avoidance of doubt, the A1 Note Conditional Purchaser, if appropriate) (the "Incoming A1 Noteholders") on that A1 Note Mandatory Transfer Date;
 - (b) the Reset Margin applicable to the Class A1 Notes after that A1 Note Mandatory Transfer Date; and

- (c) the next Reset Period (if applicable) in respect of the Class A1 Notes; and

3.13.2 arranging delivery of the relevant Class A1 Notes to the Incoming A1 Noteholders by the A1 Noteholders on each A1 Note Mandatory Transfer Date (including, without limitation, specifying details of the accounts of the Incoming A1 Noteholders to DTC (or Euroclear or Clearstream, Luxembourg if applicable).

3.14 Short Term Rating

Where the Remarketing Agent is required under the provisions of this Agreement to remarket to Target Short Term Purchasers, the Remarketing Agent will provide the Issuer with such assistance in dealing with the Rating Agencies as the Issuer may reasonably require with a view to enabling the Issuer to obtain from the Rating Agencies short term ratings for the Class A1 Notes in respect of the period from one A1 Note Mandatory Transfer Date to the next A1 Note Mandatory Transfer Date at the levels assigned by the Rating Agencies on the Closing Date.

4. TERMINATION AND RESIGNATION OF THE REMARKETING AGENT

4.1 The occurrence of any of the following events shall constitute a "Remarketing Agent Termination Event":

4.1.1 any warranty, representation or statement which is given by the Remarketing Agent in this Agreement or which is contained in any certificate, statement or notice provided under or in connection with this Agreement proves to be incorrect in any material respect or any such warranty, representation or statement, if it were repeated at any time by reference to the circumstances then prevailing, would be incorrect in any material respect and at such time the result of any of the foregoing is, in the reasonable opinion of the Issuer (or the Administrator on its behalf if so procured by the Issuer), materially and adversely to affect the financial condition of the Remarketing Agent or its ability to observe or perform its obligations under this Agreement and the A1 Note Conditional Purchase Agreement;

4.1.2 the Remarketing Agent fails to observe or perform any of its obligations under this Agreement or the A1 Note Conditional Purchase Agreement and, in the case of a failure capable of being remedied (in the reasonable opinion of the Issuer), such failure is not remedied within five Business Days after the Issuer has notified the Remarketing Agent of the failure and the result of any of the foregoing is, in the reasonable opinion of the Issuer, materially and adversely to affect the financial condition of the Remarketing Agent or its ability to observe or perform its obligations under this Agreement and the A1 Note Conditional Purchase Agreement;

4.1.3 the Remarketing Agent, other than for the purposes of amalgamation or reconstruction as is referred to in Clause 4.1.4 below, ceases or, through an

official action of the board of directors of the Remarketing Agent, threatens to cease to carry on business or becomes unable to pay its debts as and when they fall due;

- 4.1.4 an order is made or an effective resolution is passed for the winding-up of the Remarketing Agent except a winding-up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved by the Issuer;
 - 4.1.5 the Remarketing Agent is also the A1 Note Conditional Purchaser and the A1 Note Conditional Purchaser resigns in accordance with Clause 2.1 of the A1 Note Conditional Purchase Agreement; or
 - 4.1.6 proceedings are otherwise initiated against the Remarketing Agent under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, presentation of a petition for the appointment of an administrator or liquidator) and such proceedings are not, in the reasonable opinion of the Issuer, disputed in good faith with a reasonable prospect of success, or an administrator is appointed, or a receiver, liquidator or other similar official is appointed in relation to the Remarketing Agent or in relation to the whole or any substantial part of the undertaking or assets of the Remarketing Agent, or an encumbrancer takes possession of the whole or any substantial part of the undertaking or assets of the Remarketing Agent, or a distress, execution, diligence or other process is levied or enforced upon or sued out against the whole or any substantial part of the undertaking or assets of the Remarketing Agent and such possession or process (as the case may be) is not discharged or does not otherwise cease to apply within 30 days, or the Remarketing Agent initiates or consents to proceedings relating to itself under applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of its creditors generally.
- 4.2 Following the occurrence of a Remarketing Agent Termination Event, by written notice to the Remarketing Agent, the Issuer or the Administrator on behalf of the Issuer (if so procured by the Issuer) may immediately terminate the appointment of the Remarketing Agent and shall give notice of such termination to the A1 Note Conditional Purchaser.
- 4.3 If the appointment of the Remarketing Agent is terminated pursuant to Clause 4.2, the Remarketing Agent must if required by the Issuer use its best efforts to assist the Issuer (or the Administrator on its behalf if so procured by the Issuer) to identify an alternative entity to act as remarketing agent and procure the delivery of a Remarketing Agent Accession Letter duly executed by that alternative remarketing agent to the Issuer. Alternatively, the Issuer (or the Administrator on its behalf if so procured by the Issuer) may identify and appoint a replacement Remarketing Agent and procure such duly executed letter. If the Issuer fails to appoint a replacement Remarketing Agent within a reasonable time, the A1 Note Conditional Purchaser may identify and

appoint a replacement Remarketing Agent and procure such duly executed letter. Any replacement Remarketing Agent nominated pursuant to this Clause 4.3 must:

- 4.3.1 be either a leading bank or an investment banking firm operating in both the London and New York banking markets;
 - 4.3.2 have customary arrangements for conducting transactions through (i) a participant account with DTC and (ii) a broker-dealer registered under the Exchange Act;
 - 4.3.3 be appropriately licensed and authorised to discharge its obligations hereunder; and
 - 4.3.4 (if identified by the Remarketing Agent) be approved by the Issuer (such approval not to be unreasonably withheld).
- 4.4 Without prejudice to the Remarketing Agent's obligations under Clause 4.3 above, if an alternative entity to act as remarketing agent is not identified by the date which is 20 days prior to an A1 Note Mandatory Transfer Date, the Issuer (or the Administrator on its behalf if so procured by the Issuer) shall be entitled to give a Conditional Purchase Activation Notice in respect of that A1 Note Mandatory Transfer Date to the A1 Note Conditional Purchaser in the manner set out in the A1 Note Conditional Purchase Agreement.
- 4.5 Any organisation into which the Remarketing Agent may be merged or converted or with which the Remarketing Agent may be consolidated or which results from any merger, conversion or consolidation (for the purposes of this Clause 4.5 a "Merger") to which the Remarketing Agent shall be a party shall, to the extent permitted by applicable law, be the successor Remarketing Agent under this Agreement without any further formality. Notice of any such Merger shall forthwith be given to the parties hereto. In addition, the Remarketing Agent may transfer all of its rights and obligations to any organisation to which the Remarketing Agent transfers all or substantially all of the Remarketing Agent's assets and business and that assumes such obligations. Upon any such transfer and assumption of obligations, the Remarketing Agent shall be relieved of and fully discharged from all obligations under this Agreement, whether such obligations arose before or after such transfer and assumption.

5. REMARKETING TERMINATION EVENTS

- 5.1 The occurrence of any of the following events shall constitute a Remarketing Termination Event, in which case the Remarketing Agent will have the rights set out under Clause 5.2:
- 5.1.1 an Event of Default under the Notes has occurred and is continuing;
 - 5.1.2 if there shall have been in the Remarketing Agent's reasonable opinion, since the date of this Agreement, any change, in national or international monetary, financial, political or economic conditions such as would in its view be likely

to prejudice materially the success of the remarketing of the Class A1 Notes in the secondary market or there has otherwise been an event beyond the control of the Remarketing Agent or the Issuer that means the Remarketing Agent is unable to perform its obligations under this Agreement;

- 5.1.3 the Issuer and Remarketing Agent have agreed not to remarket the Class A1 Notes because to do so would be unfeasible, unduly burdensome or uneconomic for the Issuer; or
 - 5.1.4 any warranty, representation or statement which is given by the Issuer in this Agreement or the A1 Note Conditional Purchase Agreement or which is contained in any certificate, statement or notice provided under or in connection with this Agreement or the A1 Note Conditional Purchase Agreement (as the case may be) proves to be incorrect in any material respect or any such warranty, representation or statement, and the result of any of the foregoing is, in the reasonable opinion of the Issuer, materially and adversely to affect the financial condition of the Remarketing Agent or its ability to observe or perform its obligations under this Agreement and the A1 Note Conditional Purchase Agreement.
- 5.2 Following the occurrence of any of the events set out in Clause 5.1, the Remarketing Agent shall have the right to deliver a written notice to each of the Issuer, the Administrator, the Principal Paying Agent and the Tender Agent terminating its appointment hereunder with a copy of such notice being given to each of the Trustee and the A1 Note Conditional Purchaser. Upon receipt of such notice by each of the Issuer, the Administrator, the Principal Paying Agent and the Tender Agent, each of the events set out in Clause 5.1 shall constitute a "Remarketing Termination Event".
- 5.3 Upon the occurrence of a Remarketing Termination Event, the Remarketing Agent shall have no further obligations hereunder except (as long as no Event of Default under the Notes has occurred and is continuing and no replacement remarketing agent has assumed these functions) as follows:
- 5.3.1 to issue a Conditional Purchase Activation Notice to the A1 Note Conditional Purchaser in the manner contemplated by the A1 Note Conditional Purchase Agreement;
 - 5.3.2 to facilitate the transfer of the Class A1 Notes to the A1 Note Conditional Purchaser on the immediately succeeding A1 Note Mandatory Transfer Date as contemplated by Clauses 3.12 and 3.13; and
 - 5.3.3 to give notice of a Remarketing Termination Event in accordance with Clause 5.2.

6. APPOINTMENT OF TENDER AGENT

6.1 Appointment

The Issuer appoints the Tender Agent as its agent for the purposes of arranging and delivering payment to the A1 Noteholders:

6.1.1 from the Incoming A1 Noteholders (subject to a Remarketing Termination Event not having occurred); or

6.1.2 from the A1 Note Conditional Purchaser if a Remarketing Termination Event (other than an Event of Default under the Notes) has occurred,

on the following terms and conditions set out in this Agreement.

6.2 Obligations of Agents

The obligations of the Remarketing Agent and Tender Agent under this Agreement shall be several and not joint.

7. DUTIES OF TENDER AGENT

7.1 Duties

Subject to a Remarketing Termination Event not having occurred, on each A1 Note Mandatory Transfer Date, the Tender Agent shall act as the Issuer's agent in:

7.1.1 arranging payment by the Incoming A1 Noteholders to the A1 Noteholders on each A1 Note Mandatory Transfer Date; and

7.1.2 as soon as practicable upon receipt of the information referred to in Clause 3.1, providing notice in writing to DTC (and Euroclear and Clearstream, Luxembourg if applicable) of the following:

(a) the name of the issue, and CUSIP numbers for the Class A1 Notes;

(b) the date of the relevant A1 Note Mandatory Transfer Date;

(c) the indicative amount provided for in Clause 3.1.1.

7.2 Register of Notes

If on any A1 Note Mandatory Transfer Date the Class A1 Notes are in definitive form, the Issuer will procure that the Registrar will, upon being notified by the Tender Agent that the A1 Note Mandatory Transfer Price has been paid to the registered holders of the Class A1 Notes, amend the Register to record the Incoming A1 Noteholders as holders of the Class A1 Notes. The Tender Agent will give such notification in writing to the Registrar as soon as practicable upon such payment being made.

7.3 Limitation of Liabilities

It is acknowledged that neither the Issuer nor the Tender Agent shall have any obligation or liability under any circumstances to purchase the Class A1 Notes. The Issuer shall not have any obligation or liability with respect to the sale of the Class A1 Notes.

7.4 Notification

If the Tender Agent fails to take any action that it is required to take pursuant to this Agreement, it shall forthwith notify the Issuer, the Administrator, the Remarketing Agent and the Principal Paying Agent in writing.

7.5 Rights and Powers of the Tender Agent

7.5.1 The Tender Agent shall (except as ordered by a court of competent jurisdiction or as required by law) in connection with its services under this Agreement (whether or not the relevant Class A1 Note shall be overdue and notwithstanding any notice to the contrary or writing shown thereon or any notice of previous loss or theft or of trust or other interest therein (other than a duly executed form of transfer)) be entitled to treat the registered A1 Noteholder of any Class A1 Note as the absolute owner of such Note for all purposes and (save as expressly provided under this Agreement) make payments thereon.

7.5.2 The Tender Agent may in connection with its services under this Agreement:

- (a) rely upon the terms of any notice, communication or other document reasonably believed by it to be genuine;
- (b) assume that the terms of each Global Note and Definitive Class A1 Note as issued are correct;
- (c) refer any question relating to the ownership of any Class A1 Note, or the adequacy or sufficiency of any evidence supplied in connection with the replacement, transfer or exchange of any Class A1 Note to the Issuer for determination by the Issuer and in good faith conclusively rely upon any determination so made; and
- (d) whenever in the administration of this Agreement it shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action under this Agreement, in the absence of bad faith or negligence or wilful misconduct on its part, accept a certificate signed by any person duly authorised on behalf of the Issuer as to any fact or matter *prima facie* within the knowledge of the Issuer as sufficient evidence thereof.

7.6 Extent of Duties

The Tender Agent shall only be obliged to perform the duties set out in this Agreement and such other duties as are necessarily incidental thereto. The Tender Agent shall not:

- 7.6.1 be under any fiduciary duty towards or have any relationship of agency or trust for or with any person other than the Issuer and (to the extent expressly provided in this Agreement only) the Trustee;
- 7.6.2 be responsible for or liable in respect of the authorisation, validity or legality or enforceability of any Note (other than in respect of the authentication of a Note by it in accordance with this Agreement) or any act or omission of any other person including, without limitation, the Remarketing Agent (except to the extent that such liability arises out of any breach of contract, bad faith, misconduct or negligence on the part of any the Tender Agent);
- 7.6.3 be under any obligation towards any person other than the Issuer, the Remarketing Agent and the Trustee; or
- 7.6.4 assume any relationship of agency or trust for or with any A1 Noteholder.

7.7 General

In acting under this Agreement, the Tender Agent:

- 7.7.1 may take such steps as it considers appropriate in order to discharge its duties under this Clause 7;
- 7.7.2 may engage and pay for the advice or services of any lawyers or other experts whose advice or services it considers necessary and rely upon any written advice so obtained (and the Tender Agent shall be protected and shall incur no liability as against the Issuer or any other party to this Agreement in respect of any action taken, or suffered to be taken in good faith, in accordance with such advice except to the extent that such liability arises out of any breach of contract, bad faith, misconduct or negligence on the part of the Tender Agent); and
- 7.7.3 may other than in its capacity as Tender Agent acquire, hold or dispose of any Class A1 Notes or other securities (or any interest therein) of the Issuer or any other person, may enter into or be interested in any contract or transaction with any such person and may act on, or as depositary, trustee or agent for, any committee or body of holders of any securities of any such person in each case with the same rights as it would have had if the Tender Agent were not the Tender Agent, and need not account for any profit.

7.8 Indemnity in favour of the Tender Agent

The Issuer shall indemnify the Tender Agent against any loss, liability, cost, claim, action, demand or expense other than tax suffered by the Tender Agent on its net

income which it may incur or which may be made against it as a result of or in connection with its appointment or the exercise of its powers and performance of its duties under this Agreement, notwithstanding the resignation or removal of such Agent in accordance with Clause 9 (*Termination and Resignation of the Tender Agent*), except such as may result from the breach by it of the terms of this Agreement or from its own wilful default, negligence or bad faith or that of its officers or employees, provided that this indemnity shall not apply in respect of any claim, action or demand made against the Tender Agent unless, as soon as practicable after the Tender Agent becomes aware thereof, it gives notice of the same to the Issuer and (if and whenever the Issuer so requires) takes such action or proceedings under the control and at the expense of the Issuer as the Issuer may reasonably require to avoid, resist or compromise such claim, action or demand.

7.9 Indemnity in favour of the Issuer

The Tender Agent shall indemnify the Issuer against any loss, liability, costs, claim, action, demand or expense which the Issuer may incur or which may be made against it as a result of the breach by the Tender Agent of the terms of this Agreement or its wilful default, negligence or bad faith or that of its officers or employees including any failure to obtain and maintain in existence any consent, authorisation, permission or licence required by it for the assumption, exercise and performance of its powers and duties under this Agreement.

7.10 Continuance of indemnities

The respective indemnities of the Issuer and the Tender Agent set out in Clauses 7.8 and 7.9 shall constitute obligations of such entity separate and independent from that entity's obligations under the other provisions of this Agreement and shall remain in full force and effect notwithstanding the termination of this Agreement for any reason.

7.11 No Liability for Consequential Loss

The Tender Agent shall not in any event be liable to the Issuer or to any other party to the Relevant Documents for any special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), whether or not foreseeable and in each case however caused or arising. This Clause 7.11 shall remain in full force and effect notwithstanding the termination of this Agreement for any reason.

7.12 Exclusion of Liens and Interest

Save as expressly provided otherwise in this Agreement, the Tender Agent shall be entitled to deal with each amount paid to it under this Agreement in the same manner as other amounts paid to it as bankers by their customers; *provided, however, that:*

- (a) it shall not exercise against the Issuer any lien, right of set-off or similar claim in respect thereof;

- (b) it shall not be liable to any person for interest thereon; and
- (c) funds received by the Tender Agent for the payment of any sums due in respect of any Class A1 Notes shall be segregated only to the extent required by law.

7.13 Payments in respect of Notes

The Tender Agent shall not be obliged (but shall be entitled) to make payments in respect of the Class A1 Notes if it has not received the full amount of any payment due to it under this Agreement.

8. FEES AND EXPENSES OF THE TENDER AGENT

8.1 Fees

Until the termination of the Tender Agent's appointment under this Agreement, the Issuer shall pay to the Tender Agent an annual fee in the sum of £1,000 inclusive of VAT (if applicable), such fees having been agreed in writing between the Issuer and the Tender Agent in respect of the respective services of the Tender Agent under this Agreement. If the Tender Agent shall cease to be appointed under this Agreement, it shall repay to the Issuer the unearned portion, calculated on a pro rata basis, of the said fees.

8.2 Front-end Expenses

The Issuer shall after receipt of an account of such expenses reimburse the Tender Agent for all reasonable out-of-pocket expenses incurred by it in the negotiation, preparation and execution of this Agreement and for all reasonable expenses (including, without limitation, reasonable legal fees and any communication, courier, postage and other out-of-pocket expenses) properly incurred in connection with its services under this Agreement; provided that such expenses shall not have been incurred as a result of the Tender Agent's negligence, wilful misconduct or bad faith, other than such costs and expenses as are separately agreed to be reimbursed out of the fees payable under Clause 8.1.

8.3 Payment

With the exception of Clause 8.2, all amounts to be paid by the Issuer to the Tender Agent under this Clause 8 shall only be payable in accordance with and subject to the applicable Priority of Payments which is applicable to the Issuer at the time of payment.

Unless expressly agreed otherwise by the relevant payee and the Issuer, the fees, payments and expenses payable under this Clause 8 shall be paid in pounds sterling and the Issuer shall in addition and subject to the provisions of this Clause 8 pay any value added tax which may be applicable.

8.4 Issuer's liability for fees and expenses

Save as provided in this Clause 8 or as expressly provided elsewhere in this Agreement, the Issuer shall have no liability in respect of any fees or expenses incurred by any agent in connection with the performance of its obligations under this Agreement.

8.5 Taxes and Expenses Occasioned by Default

The Issuer shall pay all stamp, registration and other similar taxes, duties and governmental levies of whatsoever nature (including any interest and penalties thereon or in connection therewith) which are payable upon or in connection with the execution, delivery and/or enforcement of this Agreement.

9. TERMINATION AND RESIGNATION OF THE TENDER AGENT

9.1 The occurrence of any of the following events shall constitute a "Tender Agent Termination Event":

- 9.1.1 any warranty, representation or statement which is given by the Tender Agent in this Agreement or which is contained in any certificate, statement or notice provided under or in connection with this Agreement proves to be incorrect in any material respect or any such warranty, representation or statement, if it were repeated at any time by reference to the circumstances then prevailing, would be incorrect in any material respect and at such time the result of any of the foregoing is, in the reasonable opinion of the Issuer (or the Administrator on its behalf if so procured by the Issuer), materially and adversely to affect the financial condition of the Tender Agent or its ability to observe or perform its obligations under this Agreement;
- 9.1.2 the Tender Agent fails to observe or perform any of its obligations under this Agreement and, in the case of a failure capable of being remedied (in the opinion of the Issuer), such failure is not remedied within five Business Days after the Issuer has notified the Tender Agent of the failure and the result of any of the foregoing is, in the reasonable opinion of the Issuer, materially and adversely to affect the financial condition of the Tender Agent or its ability to observe or perform its obligations under this Agreement;
- 9.1.3 the Tender Agent, other than for the purposes of amalgamation or reconstruction as is referred to in Clause 9.1.4 below, ceases or, through an official action of the board of directors of the Tender Agent, threatens to cease to carry on business or becomes unable to pay its debts as and when they fall due;
- 9.1.4 an order is made or an effective resolution is passed for the winding-up of the Tender Agent except a winding-up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved by the Issuer; or

- 9.1.5 proceedings are otherwise initiated against the Tender Agent under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, presentation of a petition for the appointment of an administrator or liquidator) and such proceedings are not, in the reasonable opinion of the Issuer, disputed in good faith with a reasonable prospect of success, or an administrator is appointed, or a receiver, liquidator or other similar official is appointed in relation to the Tender Agent or in relation to the whole or any substantial part of the undertaking or assets of the Tender Agent, or an encumbrancer takes possession of the whole or any substantial part of the undertaking or assets of the Tender Agent, or a distress, execution, diligence or other process is levied or enforced upon or sued out against the whole or any substantial part of the undertaking or assets of the Tender Agent and such possession or process (as the case may be) is not discharged or does not otherwise cease to apply within 30 days, or the Tender Agent initiates or consents to proceedings relating to itself under applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of its creditors generally.
- 9.2 Following the occurrence of a Tender Agent Termination Event, by written notice to the Tender Agent, the Issuer may immediately terminate the appointment of the Tender Agent and require the Tender Agent to exercise its obligations under Clause 9.4.
- 9.3 At any time, the Tender Agent may give 90 days' prior written notice to the Issuer of its intention to resign from its appointment hereunder which notice shall expire at least 30 days before either A1 Note Mandatory Transfer Date. No notice of resignation of the Tender Agent will become effective until a replacement tender agent has been appointed in accordance with Clause 9.4 and a Tender Agent Accession Letter has been received by the Issuer.
- 9.4 If the appointment of the Tender Agent is terminated pursuant to Clause 9.2 or if the Tender Agent gives written notice to the Issuer (or the Administrator on its behalf if so procured by the Issuer) of its intention to resign from its appointment hereunder pursuant to Clause 9.3, the Tender Agent must use its best efforts to assist the Issuer (or the Administrator on its behalf if so procured by the Issuer) to identify an alternative entity to act as Tender Agent and procure the delivery of a Tender Agent Accession Letter duly executed by that alternative Tender Agent to the Issuer (or the Administrator on its behalf if so procured by the Issuer). Any replacement Tender Agent nominated pursuant to this Clause 9.4 must be:
- 9.4.1 either a leading bank or an investment banking firm operating in both the London and New York banking markets;
 - 9.4.2 appropriately licensed and authorised to discharge its obligations hereunder;
 - 9.4.3 hold a participant account with DTC; and

- 9.4.4 approved by the Issuer (or the Administrator on its behalf if so procured by the Issuer) (such approval not to be unreasonably withheld).
- 9.5 Upon the execution by the Issuer and the replacement Tender Agent of the Tender Agent Accession Letter, the replacement Tender Agent shall, without any further act, deed or conveyance, become vested with all the authority, rights, powers, trusts, immunities, duties and obligations of its predecessor with like effect as if originally named as the tender agent in this Agreement and such predecessor, upon payment to it of the pro rata proportion of its administration fee and disbursements then unpaid (if any), shall thereupon become obliged to transfer, deliver and pay over, and the replacement Tender Agent shall be entitled to receive, all monies, records and documents held by such predecessor under this Agreement.
- 9.6 Any organisation into which the Tender Agent may be merged or converted or with which the Tender Agent may be consolidated or which results from any merger, conversion or consolidation (for the purposes of this Clause 9.6 a "Merger") to which the Tender Agent shall be a party shall, to the extent permitted by applicable law, be the successor Tender Agent under this Agreement without any further formality. Notice of any such Merger shall forthwith be given to the parties hereto. In addition, the Tender Agent may transfer all of its rights and obligations to any organisation to which the Tender Agent transfers all or substantially all of the Tender Agent's assets and business and that assumes such obligations. Upon any such transfer and assumption of obligations, the Tender Agent shall be relieved of and fully discharged from all obligations under this Agreement, whether such obligations arose before or after such transfer and assumption.

10. TENDER AGENT'S RIGHTS AFTER A REMARKETING TERMINATION EVENT

Following the occurrence of a Remarketing Termination Event, the appointment of the Tender Agent will automatically terminate and the Tender Agent will have no further obligations hereunder except to facilitate the transfer of the Class A1 Notes to the A1 Note Conditional Purchaser on the immediately succeeding A1 Note Mandatory Transfer Date.

11. REPRESENTATIONS

Each party to this agreement makes the representations and warranties set out in this Clause 11 to the other parties on the date of this Agreement.

11.1 Status

It is a corporation, duly incorporated and validly existing under the law of its jurisdiction of incorporation and is not in liquidation.

11.2 Binding obligations

The execution and delivery of this Agreement has been duly authorised and upon due execution and delivery by all named parties, will constitute legal, valid and binding obligations of those parties, in accordance with the terms of the Agreement.

11.3 Non-conflict with other obligations

The entry into and performance by it of, and the transactions contemplated by, this Agreement, do not and will not conflict with:

- 11.3.1 any existing law or regulation applicable to or affecting it;
- 11.3.2 its constitutional documents; or
- 11.3.3 any material agreement or instrument binding upon it or any of its property.

11.4 Power and authority

The execution of this Agreement and the transactions contemplated by this Agreement have been duly authorised.

11.5 Validity

Any action or thing required to be taken, fulfilled or done and all consents or approvals of any court, government department or other regulatory body required for the execution and performance of the terms of this Agreement have been obtained and are in full force and effect.

11.6 No misleading information

- 11.6.1 Any factual information provided by it or on its behalf in relation to this Agreement was true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated.
- 11.6.2 Nothing has occurred or been omitted from the factual information referred to in Clause 11.6.1 above and no information has been given or withheld that results in that information being untrue or misleading in any material respect.

11.7 No proceedings pending or threatened

There are no pending actions, suits or proceedings against or affecting any party to this Agreement which are material in the context of this Agreement and in which there is a reasonable possibility of an adverse decision which could materially and adversely affect the ability of that party to perform its obligations under this Agreement and, so far as each party is aware, no such actions, suits or proceedings are threatened or contemplated.

12. SELLING RESTRICTIONS

12.1 The Remarketing Agent warrants, represents, undertakes and agrees that:

12.1.1 it will not, nor will any affiliate, associate or any person acting on its behalf, (i) make offers or sales of any security, or solicited offers to buy, or otherwise negotiate in respect of, any security, under circumstances that would require the registration of the Class A1 Notes, the depository interests therein or the Book-Entry Interests under the Securities Act; or (ii) engage in any form of general solicitation or general advertising (within the meaning of Rule 502(c) under the Securities Act) in connection with any offer or sale of the Class A1 Notes in the United States;

12.1.2 the Class A1 Notes may only be sold (i) in the United States to persons whom it reasonably believes to be "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) (any such person, a "QIB") in accordance with the provisions of Rule 144A or if any such person is buying for one or more institutional accounts for which such person is acting as fiduciary or agent, only when such person has represented to it that each such account is a qualified institutional buyer to whom notice has been given that such sale or delivery is being made in reliance of Rule 144A or (ii) outside the United States to non-U.S. persons (as defined in Regulation S under the Securities Act), and the Class A1 Notes will bear appropriate legends to the foregoing effect:

12.1.3 it and any selling agent acting on its behalf pursuant to Clause 13 hereof is an "accredited investor" within the meaning of Rule 501(a) under the Securities Act.

13. SELLING AGENTS

The Issuer and the Remarketing Agent agree that the Remarketing Agent may, through its selling agent that is a broker-dealer registered under the 1934 Act, arrange the resale of a portion of the Class A1 Notes in the United States to persons whom it reasonably believes to be qualified institutional buyers (as defined in Rule 144A under the Securities Act) pursuant to Rule 144A under the Securities Act or if any such person is buying for one or more institutional accounts for which such person is acting as fiduciary or agent, only when such person has represented to it that each such account is a qualified institutional buyer to whom notice has been given that such sale or delivery is being made in reliance of Rule 144A.

14. NON-PETITION

Each of the Remarketing Agent and the Tender Agent undertakes to the Issuer that, until one year and one day has elapsed since the last day on which the Issuer has discharged all of its obligations in relation to the Notes, it will not petition or commence proceedings for the administration or winding-up of the Issuer (nor join any

person in such proceedings or commencement of proceedings) nor commence any legal proceedings against the Issuer.

15. INDEMNIFICATION

- 15.1 The Remarketing Agent enters into this Agreement on the basis of the representations, warranties and agreements on the part of the Issuer in this Agreement with the intention that the same shall be true and accurate in all material respects on the Closing Date, in each case with reference to the facts and circumstances then subsisting, and the Issuer undertakes with the Remarketing Agent that it will hold the Remarketing Agent and its respective directors and officers fully and effectually indemnified from and against any and all losses, liabilities, costs, claims, charges, actions, proceedings, damages, expenses or demands which they (or any of them) may incur or which may be made against them (or any of them) as a result of or arising out of, or in relation to, any misrepresentation or alleged misrepresentation or any breach or alleged breach of any of the aforesaid representations, covenants or agreements by the Issuer unless such losses, liabilities, costs, claims, charges, actions, proceedings, damages, expenses or demands arise out of or are the result of the negligence or wilful default of the Remarketing Agent whereupon the Remarketing Agent shall not receive the benefit of this Clause 15.1.
- 15.2 The indemnities referred to in Clause 15.1 above shall, respectively, extend to include all costs, charges and expenses which the Remarketing Agent may pay or incur in investigating, disputing or defending any claim or action or other proceedings in respect of which the Issuer has or may have a liability to indemnify under Clause 15.1 above. If any action, proceeding, claim or demand shall be brought or asserted against the Remarketing Agent in respect of which the Issuer has or may have a liability to indemnify as provided in Clause 15.1 above, the Remarketing Agent shall promptly notify the Issuer in writing, and the Issuer shall have the option to assume the defence thereof, including the employment of legal advisers selected by the Issuer and (in any case where such action, proceeding, claim or demand is made against the Remarketing Agent) approved by the Remarketing Agent (such approval not to be unreasonably withheld), subject to the payment by the Issuer of all fees and expenses relating thereto; provided that if the defendants in any such action, proceeding, claim or demand include the Issuer and the Remarketing Agent shall have reasonably concluded that there may be legal defences available to the Remarketing Agent which are different from or additional to those available to the Issuer and in the event that the Issuer does not wish to assume or is prevented from assuming such different or additional legal defences on behalf of the Remarketing Agent, the Remarketing Agent shall have the right at the expense of the Issuer to select separate legal advisers to assume such legal defences and otherwise to participate in the defence of such action, proceeding, claim or demand on its behalf.
- 15.3 Upon receipt of notice from the Issuer of its election so to assume the defence of any such action, proceeding, claim or demand in respect of which it has or may have a liability to indemnify as provided in Clause 15.1 above, and approval (where required

by Clause 15.2 above) by the Remarketing Agent as aforesaid of legal advisers, the Issuer will not be liable to the Remarketing Agent under this Clause 15.3 for any fees or expenses otherwise incurred by the Remarketing Agent in connection with any such defence thereof unless:

- 15.3.1 the Remarketing Agent shall have employed legal advisers in connection with the assumption of legal defences in accordance with the proviso to Clause 15.2 above; or
- 15.3.2 the Issuer shall not have employed legal advisers approved by or on behalf of the Remarketing Agent to represent the Remarketing Agent within a reasonable time after notice of commencement of the action or proceedings or the making of any claim or demand; or
- 15.3.3 the Issuer has authorised the employment of separate legal advisers by the Remarketing Agent,

in which case it will reimburse the Remarketing Agent all such fees and expenses.

- 15.4 If any such action, proceeding, claim or demand in respect of which the Issuer has or may have a liability to indemnify as provided in Clause 15.1 above shall be settled with the consent of the Remarketing Agent (such consent not to be unreasonably withheld) or if there be a final judgment for the claimant in relation thereto, the Issuer agrees to indemnify and hold harmless the Remarketing Agent from and against any loss or liability by reason of such settlement or judgment (other than any fees or expenses incurred in circumstances where the Issuer is not to be liable therefor under Clause 15.3 above).

16. COMMUNICATIONS

Any communication shall be by letter, telephone or fax:

in the case of the Issuer, to it at:

St Catherine's Court
Herbert Road
Solihull
West Midlands
B9J 3QE

Tel no.: 0121 712 2323
Fax no.: 0121 712 2699
Attention: Company Secretary

in the case of The Royal Bank of Scotland plc as the Remarketing Agent and as the A1 Note Conditional Purchaser, to it at:

135 Bishopsgate
London
EC2M 3UR

Tel.: +44 (0)20 7085 5000
Fax.: +44 (0)20 7085 5510
Attention: Mike Slevin/Nick Rice, Securitisation

in the case of the Tender Agent, to it at:

Citigroup Centre, 21st Floor
Canada Square
Canary Wharf
London
E14 5LB

Tel no.: 020 7508 3856
Fax no.: 020 7508 3881
Attention of: Agency & Trust

in the case of the Trustee, to it at:

Citigroup Centre, 14th Floor
Canada Square
Canary Wharf
London
E14 5LB

Fax no.: 020 7500 5248
Attention: Agency and Trust

or any other address of which written notice has been given to the other party/parties in accordance with this Clause 15. Such communications will take effect, in the case of a letter, when delivered or, in the case of fax, when despatched.

17 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement except and to the extent (if any) that this Agreement expressly provides for such Act to apply to any of its terms.

18. **THE TRUSTEE**

The Trustee has agreed to become a party to this Agreement for the better preservation and enforcement of its rights hereunder and under the Deed of Charge but shall have no responsibility for any of the obligations of any party hereunder.

19. **GOVERNING LAW AND SUBMISSION**

19.1 **Governing Law**

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

19.2 **Jurisdiction**

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with this Agreement and accordingly any legal action or proceedings arising out of or in connection with this Agreement ("Proceedings") may be brought in such courts. The parties to this Agreement hereby irrevocably submit to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is for the benefit of each of the parties to this Agreement and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

THIS AGREEMENT has been entered into on the date stated at the beginning of this Agreement.

SCHEDULE 1
FORM OF REMARKETING AGENT ACCESSION LETTER

To: Paragon Mortgages (No.14) PLC ("**Issuer**")

Copies to: The Royal Bank of Scotland plc ("**Original Remarketing Agent**")
135 Bishopsgate
London
EC2M 3UR

Citibank, N.A., London Branch ("**Original Tender Agent**")
Citigroup Centre, 21st Floor
Canada Square
Canary Wharf
London
E14 5LB¹

Dated [•]

Dear Sirs

Remarketing Agreement relating to \$1,500,000,000 Class A1 Mortgage Backed Floating Rate Notes due 2039 dated 22 March 2007 between, *inter alios*, the Issuer, the Original Remarketing Agent and the Original Tender Agent (the "Remarketing Agreement")

We refer to the Remarketing Agreement. This is a Remarketing Agent Accession Letter. Terms defined in the Remarketing Agreement have the same meaning in this Remarketing Agent Accession Letter unless given a different meaning in this Remarketing Agent Accession Letter.

On and from the date of this letter, [*insert name replacement remarketing agent*] ("**Replacement Remarketing Agent**") agrees to become the new remarketing agent in accordance with Clause 4.3 of the Remarketing Agreement and to be bound by the terms of the Remarketing Agreement as if it were an original party to that document.

On the date of this letter, the Replacement Remarketing Agent repeats each of the representations and warranties set out in Clause 14 of the Remarketing Agreement as at the date of this letter for the benefit of the Issuer and the Tender Agent.

For the purposes of Clause 16 of the Remarketing Agreement, the Replacement Remarketing Agent's details are as follows:

Address: [•]
Fax No: [•]

¹ Replace with current Tender Agent if Citibank N.A., London Branch has been replaced as Tender Agent under Clauses 9.4 and 9.5 of the Remarketing Agreement

Remarketing Agreement

Attention: [●]

This Accession Letter is governed by English law.

Yours faithfully

.....

for and on behalf of

[insert name of Replacement Remarketing Agent]

SCHEDULE 2
FORM OF TENDER AGENT ACCESSION LETTER

To: Paragon Mortgages (No.14) PLC ("Issuer")

Copies to: Citibank, N.A., London Branch ("Original Tender Agent")
Citigroup Centre, 21st Floor
Canada Square
Canary Wharf
London
E14 5LB

The Royal Bank of Scotland plc ("Original Remarketing Agent")
135 Bishopsgate
London
EC2M 3UR²

Dated [•]

Dear Sirs

\$1,500,000,000 Class A1 Mortgage Backed Floating Rate Notes due 2039 dated 22 March 2007 between, *inter alios*, the Issuer, the Original Remarketing Agent and the Original Tender Agent ("Remarketing Agreement")

We refer to the Remarketing Agreement. This is a Tender Agent Accession Letter. Terms defined in the Remarketing Agreement have the same meaning in this Tender Agent Accession Letter unless given a different meaning in this Tender Agent Accession Letter.

On and from the date of this letter, [insert name replacement tender agent] ("**Replacement Tender Agent**") agrees to become the new Tender Agent in accordance with Clauses 9.4 and 9.5 of the Remarketing Agreement and to be bound by the terms of the Remarketing Agreement as if it were an original party to that document.

On the date of this letter, the Replacement Tender Agent repeats each of the representations and warranties set out in Clause 11 of the Remarketing Agreement as at the date of this letter for the benefit of the Issuer and the Remarketing Agent.

For the purposes of Clause 16 of the Remarketing Agreement, the Replacement Tender Agent's details are as follows:

Address: [•]
Fax No: [•]

² Replace with current Remarketing Agent if The Royal Bank of Scotland plc has been replaced as Remarketing Agent under Clause 4.3 of the Remarketing Agreement

Attention: [•]

This Accession Letter is governed by English law.

Remarketing Agreement

Yours faithfully

.....
for and on behalf of

[insert name of Replacement Tender Agent]


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EXECUTION PAGE

PARAGON MORTGAGES (No.14) PLC (as Issuer)

By:

Name:  John Harvey

Title: Authorised Signatory

THE ROYAL BANK OF SCOTLAND PLC (as Remarketing Agent and as A1 Note Conditional Purchaser)

By:

Name:

Title: Authorised Signatory

CITIBANK N.A., LONDON BRANCH (as Tender Agent)


By:

Name: 
Carl Hardie
Vice President

Title: Associate

CITICORP TRUSTEE COMPANY LIMITED (as Trustee)

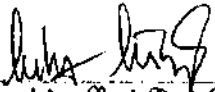
By:

Name:  David Meme
Director

Title: Associate

Executed by:

The Royal Bank of Scotland plc

By: 
Name: NINA NAEGELEIN
Title: ASSOCIATE