

Dated 15 September 2008

**PARAGON MORTGAGES (NO.14) PLC**

(as Issuer)

and

**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)

and

**PARAGON FINANCE PLC**

(as Administrator)

and

**MORTGAGE TRUST SERVICES PLC**

(as Administrator)

and

**PARAGON MORTGAGES LIMITED**

(as Title Holder)

and

**MORTGAGE TRUST LIMITED**

(as Title Holder)

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**DEED OF AMENDMENT IN RESPECT OF  
THE REMARKETING AGREEMENT  
THE A1 NOTE CONDITIONAL PURCHASE AGREEMENT  
AND THE TRUST DEED  
EACH DATED 22 MARCH 2007 AS AMENDED FROM  
TIME TO TIME**

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**CONTENTS**

<b>Clause</b>	<b>Page</b>
1. Definitions .....	4
2. Amendments .....	4
3. Construction And Incorporation .....	6
4. Notice .....	6
5. Counterparts .....	7
6. Contracts (Rights Of Third Parties) Act 1999 .....	7
7. Governing Law .....	7

THIS DEED is made on 15 September 2008

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**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) **ROYAL BANK OF SCOTLAND PLC** acting through its office at 135 Bishopsgate, London EC2M 3UR in its capacity as remarketing agent and A1 Note conditional purchaser (the "Remarketing Agent" and 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");
- (4) **CITICORP TRUSTEE COMPANY LIMITED**, whose principal London office is at Citigroup Centre, 14th Floor, Canada Square, Canary Wharf, London E14 5LB (the "Trustee");
- (5) **PARAGON FINANCE PLC** (registered number 1917566) whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (an "Administrator");
- (6) **MORTGAGE TRUST SERVICES PLC** (registered number 3940202) whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (an "Administrator" and together with Paragon Finance PLC, the "Administrators");
- (7) **PARAGON MORTGAGES LIMITED** (registered number 2337854) whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (a "Title Holder"); and
- (8) **MORTGAGE TRUST LIMITED** (registered number 2048895) whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (a "Title Holder" and together with Paragon Mortgages Limited, the "Title Holders").

**WHEREAS**

- (A) The Issuer, the Remarketing Agent and the A1 Note Conditional Purchaser, amongst others, entered into a remarketing agreement on 22 March 2007 (the "Remarketing Agreement").
- (B) The Issuer, the Remarketing Agent and the A1 Note Conditional Purchaser, amongst others, entered into an A1 note conditional purchase agreement on 22 March 2007 (the "A1 Note Conditional Purchase Agreement").

- (C) The Issuer and the Trustee entered into a trust deed on 22 March 2007 (the "Trust Deed" and, together with the Remarketing Agreement and the A1 Note Conditional Purchase Agreement the "Amendment Documents").
- (D) The parties now wish to amend certain provisions of the Amendment Documents.
- (E) Pursuant to Clause 19.2 (*Waiver; Authorisation; Determination; Modification*) of the Trust Deed, the Trustee may, without the consent of the Noteholders, at any time and from time to time, concur with the Issuer in making any modification to the Amendment Documents, which in the opinion of the Trustee it may be proper to make, provided that the Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the relevant Noteholders or is of a minor, formal or technical nature.

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

**1. DEFINITIONS**

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

**2. AMENDMENTS**

**2.1 Amendments to the Remarketing Agreement**

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

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

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

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

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

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

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

"5.3 Upon the occurrence of a Remarketing Termination Event, the Remarketing Agent shall have no further obligations hereunder except (so long as no Enforcement Notice has been served on the Issuer and no

replacement remarketing agent has assumed these functions) as follows:".

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

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

## 2.2 Amendments to the A1 Note Conditional Purchase Agreement

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

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

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

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

"(h) A Conditional Purchase Activation Notice shall be a notice from: (i) the Remarketing Agent certifying (x) that it is unable to procure the purchase of the Class A1 Notes in accordance with the Remarketing Agreement at a percentage margin which is less than the Maximum Reset Margin or (y) that its remarketing obligations in the Remarketing Agreement have been terminated pursuant to a Remarketing Termination Event (other than in respect of service of an Enforcement Notice); or (ii) from the Issuer or the Administrator on behalf of the Issuer if (x) the Issuer or the Administrator on its behalf has reasonable grounds to believe both that the Class A1 Notes cannot be placed entirely with third party purchasers on the A1 Note Mandatory Transfer Date as set out in (i) above and that the Remarketing Agent will fail to serve the notice required, or (y) following the occurrence of a Remarketing Termination Event (other than in respect of service of an Enforcement Notice pursuant to Condition 9 of the Notes) or a Remarketing Agent Termination Event where the Issuer or the Administrator on behalf of the Issuer (if so procured by the Issuer) or the A1 Note Conditional Purchaser fails to find an alternative entity to act as remarketing agent by the date which is 20 days prior to the relevant A1 Note Mandatory Transfer Date.".

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

"(j) The Conditional Purchase Activation Notice shall also specify the amount representing the aggregate A1 Note Mandatory Transfer Price payable (if any) which shall be sufficient upon exchange for USD under the Currency Swap A1 Agreement to repay to the relevant Class A1 Noteholders in order for the A1 Note Conditional Purchaser to satisfy its obligations under this Agreement and shall confirm to the A1 Note

Conditional Purchaser that no Enforcement Notice has been served on the Issuer."

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

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

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

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

### 2.3 Amendment to the Trust Deed

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

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

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

## 3. CONSTRUCTION AND INCORPORATION

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

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

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

## 4. NOTICE

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

5. **COUNTERPARTS**

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

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

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

7. **GOVERNING LAW**

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

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

*The Issuer*

**Executed by:**

**as its deed as follows:**

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

**PARAGON MORTGAGES (NO.14) PLC**

By:

Name: John G Gemmell

Title: Director

**Witness**

Signature:

Name: Andrew Kitching

Occupation: COMPLIANCE MANAGER

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

*The Remarketing Agent and A1 Note Conditional Purchaser*

**ROYAL BANK OF SCOTLAND PLC**

By:

Name:

Title:

**Witness**

Signature:

Name:

Occupation:

Address:



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

*The Issuer*

Executed by:

PARAGON MORTGAGES (NO.14) PLC

as its deed as follows:

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

By:

Name:

Title:

**Witness**

Signature:

Name:

Occupation:

Address:

*The Remarketing Agent and A1 Note Conditional Purchaser*

ROYAL BANK OF SCOTLAND PLC

By:

Name:

Title:

**Witness**

Signature:

Name:

Occupation:

Address:

*[Handwritten signature]*  
*[Handwritten name]*  
*[Handwritten title]*

*MA Slevin*

*M A SLEVIN*

*BANKING*

*135 BISHOPSGATE LONDON EC2M 3UR*


*The Tender Agent*

Executed by:  
as its deed as follows:

CITIBANK N.A., LONDON BRANCH



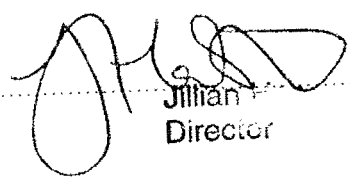
By: .....  
Name: **Simon Lazarus**  
Title: **Vice President**

Witness   
Name: **Carl Hardie**  
Occupation: **Vice President**  
Address: **CITICORP CENTRE  
CANADA SQUARE  
LONDON**

*The Trustee*


Executed by:  
as its deed as follows:

CITICORP TRUSTEE COMPANY  
LIMITED



By: .....  
Name: **Jillian**  
Title: **Director**



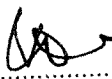
Witness   
Name: **Carl Hardie**  
Occupation: **Vice President**  
Address: **CITICORP CENTRE  
CANADA SQUARE  
LONDON**

**Viola Japaul**  
**Director**


*The Administrators*

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

**Paragon Finance PLC**

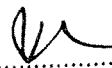
By:   
Name: John C Gemmell  
Title: Director

**Witness**


Signature:   
Name: ANDREW KITCHING  
Occupation: COMPLIANCE MANAGER  
Address: ST. CATHERINE'S COURT, HERBERT ROAD, SOLIHULL, WEST MIDLANDS  
B91 3QE

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

**Mortgage Trust Services plc**

By:   
Name: John C Gemmell  
Title: Director

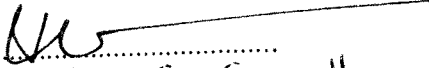
**Witness**

Signature:   
Name: ANDREW KITCHING  
Occupation: COMPLIANCE MANAGER  
Address: ST CATHERINE'S COURT, HERBERT ROAD, SOLIHULL, WEST MIDLANDS  
B91 3QE


*The Title Holders*

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

**Paragon Mortgages Limited**

By:   
Name: John G Gemmell  
Title: Director

**Witness**

Signature: 


Name: ANDREW KITCHING

Occupation: COMPLIANCE MANAGER


Address: ST. CATHERINE'S COURT, HERBERT ROAD, SOLIHULL, WEST MIDLANDS  
B91 1 3QE

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

**Mortgage Trust Limited**

By:   
Name: John G Gemmell  
Title: Director

**Witness**

Signature: 

Name: ANDREW KITCHING

Occupation: COMPLIANCE MANAGER

Address: ST. CATHERINE'S COURT, HERBERT ROAD, SOLIHULL. WEST MIDLANDS  
B91 1 3QE