

EXECUTION VERSION

PARAGON MORTGAGES (NO. 14) PLC
AS ISSUER

CITICORP TRUSTEE COMPANY LIMITED
AS TRUSTEE

THE ROYAL BANK OF SCOTLAND PLC
AS THE REMARKETING AGENT AND THE A1 NOTE CONDITIONAL PURCHASER

PARAGON FINANCE PLC
AS ADMINISTRATOR

MORTGAGE TRUST SERVICES PLC
AS ADMINISTRATOR

PARAGON MORTGAGES LIMITED
AS TITLE HOLDER

MORTGAGE TRUST LIMITED
AS TITLE HOLDER

DEED OF AMENDMENT

RELATING TO

THE TRUST DEED

AND

THE A1 NOTE CONDITIONAL PURCHASE
AGREEMENT

CONTENTS

Clause	Page
1. Definitions and Interpretation	2
2. Representation of the A1 Note Conditional Purchaser	2
3. RNS Notice.....	2
4. Amendments to the Original Trust Deed	2
5. Amendments to the Original A1 Note Conditional Purchase Agreement.....	4
6. Global A1 Rule 144A Note	4
7. No Basic Terms Modification	4
8. Further Assurance.....	4
9. Original Trust Deed.....	5
10. Endorsement on Principal Trust Deed.....	5
11. Counterparts	5
12. Governing Law	5
13. Jurisdiction	5
14. Third Party Rights	5
Annex 1 RNS Notice	9

THIS DEED is made on 15 December 2016

BETWEEN

- (1) **PARAGON MORTGAGES (NO. 14) PLC**, a company incorporated with limited liability in England and Wales with registered number 6043254 whose registered office is at 51 Homer Road, Solihull, West Midlands, B91 3QJ (the "**Issuer**");
- (2) **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, wherever the context so admits, include such company and all other persons or companies for the time being the trustee or trustees in respect of the Notes);
- (3) **THE ROYAL BANK OF SCOTLAND PLC**, acting through its office at 135 Bishopsgate, London EC2M 3UR (the "**A1 Note Conditional Purchaser**" and the "**Remarketing Agent**");
- (4) **PARAGON FINANCE PLC** (registered number 1917566) whose registered office is at 51 Homer Road, Solihull, West Midlands, B91 3QJ (the "**Administrator**");
- (5) **MORTGAGE TRUST SERVICES PLC** (registered number 3940202) whose registered office is at 51 Homer Road, Solihull, West Midlands, B91 3QJ (the "**Administrator**");
- (6) **PARAGON MORTGAGES LIMITED** (registered number 2337854) whose registered office is at 51 Homer Road, Solihull, West Midlands, B91 3QJ (the "**Title Holder**"); and
- (7) **MORTGAGE TRUST LIMITED** (registered number 2048895) whose registered office is at 51 Homer Road, Solihull, West Midlands B91 3QJ (the "**Title Holder**").

INTRODUCTION:

- (A) The Issuer and the Trustee entered into a trust deed dated 22 March 2007 (as amended on 15 September 2008) constituting the Notes, (the "**Original Trust Deed**"), and, *inter alios*, the Issuer, the Trustee and the A1 Note Conditional Purchaser entered into a A1 note conditional purchase agreement dated 22 March 2007 (amended on 15 September 2008) (the "**Original A1 Note Conditional Purchase Agreement**").
- (B) On 15 December 2016, the A1 Note Conditional Purchaser purchased all of the Class A1 Notes which have been redenominated in GBP with effect from the same date in accordance with the Original A1 Note Conditional Purchase Agreement.
- (C) The A1 Note Conditional Purchaser wishes to amend the Original A1 Note Conditional Purchase Agreement to allow the transfer of the Class A1 Notes without the requirement to enter into an Accession Deed with third party purchasers.
- (D) The parties have agreed to amend the Original Trust Deed and the Original A1 Note Conditional Purchase Agreement by entering into this deed (the "**Deed**") to give effect to certain amendments required in connection with the above.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

Capitalised terms in this Deed shall, except where the context otherwise requires and save where otherwise defined in this Deed, have the meanings given to them (including by reference) in the Original Trust Deed and Original A1 Note Conditional Purchase Agreement as amended by this Deed, and this Deed shall be construed in accordance with the principles of construction set out therein.

In this Deed:

"**Effective Date**" shall mean 15 December 2016 provided that the note purchase by the A1 Note Conditional Purchaser pursuant to the Original A1 Note Conditional Purchase Agreement has been completed and a notice confirming the same has been delivered by Issuer to the Trustee, the Tender Agent and the Principal Paying Agent.

2. REPRESENTATION OF THE A1 NOTE CONDITIONAL PURCHASER

The A1 Note Conditional Purchaser hereby represents and warrants to the Issuer that it holds the entirety of the Class A1 Notes.

3. RNS NOTICE

(a) The A1 Note Conditional Purchaser (i) confirms to the Issuer that it is not currently in discussions with any entity regarding the sale of the Class A1 Notes, and (ii) undertakes to the Issuer that it will not enter into such discussions with any entity regarding the sale of the Class A1 Notes nor will it sell or agree to sell any of the Class A1 Notes prior to the publication on the RNS regulatory information service of the notice contained in Annex 1 to this Deed (the "**Notice**").

(b) The A1 Note Conditional Purchaser:

(i) confirms that it understands, acknowledges and concurs with the contents of the Notice; and

(ii) acknowledges that the breach or incorrectness of, as applicable, the warranty in clause 2 (*Representation Of The A1 Note Conditional Purchaser*) or the undertaking in clause 3(a) (*RNS Notice*) could cause the Issuer (or the Administrator acting on its behalf) loss and damage.

4. AMENDMENTS TO THE ORIGINAL TRUST DEED

The Parties hereby agree that with effect from the Effective Date, the Original Trust Deed shall be amended as follows:

(a) in clause 1.1 of the Original Trust Deed, the following words shall be added after the words "the \$1,500,000,000 Class A1 mortgage backed floating rate notes due 2039" in limb (a) of the definition of "Class A Notes":

"which, on 15 December 2016 were (simultaneously with the termination of the currency swap A1 agreement dated 22 March 2007) converted into a GBP Equivalent at a fixed exchange rate of USD to GBP of 1.93500 (being the applicable rate of exchange for the purposes of the definition of the "GBP Equivalent"), producing GBP Equivalent Initial Principal Amount of £775,193,798 and an A1 Note Mandatory Transfer Price and GBP Equivalent Principal Amount Outstanding of £423,694,418.60 and which, on 15 December 2016, were redenominated as GBP Class A1 Notes";

- (b) in clause 1.1 of the Original Trust Deed, the following shall be added as new paragraph 1.1(N):

"Notwithstanding anything to the contrary in this Deed, for the purposes of the definition of "outstanding", Clause 7 (*Proceedings*), Clause 9 (*Investment by Trustee*), Clause 12(P), Clause 12(W), Clause 14(HH) and Paragraphs 2, 6 and 9 of Schedule 3 (*Provisions for Meetings of Noteholders*), the Class A1 Notes will continue to be USD Notes.";

- (c) in Schedule 4 (*Terms and Conditions of the Notes*), the following amendments shall be made:

- (i) in Condition 1(a)(i)(A), the following words shall be added after the words "which comprises the \$1,500,000,000 Class A1 Notes":

"which, on 15 December 2016 were (simultaneously with the termination of the currency swap A1 agreement dated 22 March 2007) converted into a GBP Equivalent at a fixed exchange rate of USD to GBP of 1.935 (being the applicable rate of exchange for the purposes of the definition of the "GBP Equivalent"), producing GBP Equivalent Initial Principal Amount of £775,193,798 and an A1 Note Mandatory Transfer Price and GBP Equivalent Principal Amount Outstanding of £423,694,418.60 and which, on 15 December 2016, were redenominated as GBP Class A1 Notes";

- (ii) in Condition 1(c) (*Denomination of the Notes*):

- (A) the words "The "USD Notes" (being the Class A1 Notes) are issued in minimum denominations of \$100,000" in the first paragraph shall be replaced with the following:

"The "USD Notes" (being the Class A1 Notes) were originally issued in minimum denominations of \$100,000 and were redenominated in GBP on 15 December 2016 in minimum denominations of £50,000 and integral multiples of £1 in excess thereof"; and

- (B) the following words shall be added as a new paragraph at the end of Condition 1(c) (*Denomination of the Notes*):

"For the purposes of the definition of "Note Currency" and the calculation of GBP Equivalent, the Class A1 Notes will

continue for the purposes of Condition 4(a) (*Interest Payment Dates*), Condition 4(b) (*Deferral of Interest on Class B Notes and Class C Notes, Additional Interest, Default Interest and Allocation of Interest*), Condition 4(c) (*Rate of Interest*), Condition 4(d) (*Determination of Rate of Interest and Calculation of Interest Payments and Other Interest Amounts*), Condition 5 (*Redemption and Purchase*), Condition 9 (*Events of Default*), Condition 10 (*Enforcement and Post Enforcement Call Option*) and Condition 13 (*Meetings of Noteholders; Modifications; Consents; Waiver*) to be USD Notes.";

- (iii) in Condition 4(c)(i), the following words shall be added at the end of the definition of "Interest Determination Date": "(provided that following the A1 Note Mandatory Transfer Date, the Interest Determination Date for the Class A1 Notes shall be the first day of the Interest Period)".

5. AMENDMENTS TO THE ORIGINAL A1 NOTE CONDITIONAL PURCHASE AGREEMENT

The Parties hereby agree that with effect from the Effective Date, the Original A1 Note Conditional Purchase Agreement shall be amended as follows:

- (a) all words currently contained at clause 1.3 (*Accession*) of the Original A1 Note Conditional Purchase Agreement shall be deleted and replaced by the words "Not used"; and
- (b) Schedule 3 (*Form of Accession Deed*) of the Original A1 Note Conditional Purchase Agreement shall be deleted in its entirety.

6. GLOBAL A1 RULE 144A NOTE

The Parties hereby agree that with effect from the date of this Deed, the Issuer shall cease to have an obligation to maintain Global A1 Rule 144A Note with DTC.

7. NO BASIC TERMS MODIFICATION

The Issuer acknowledges and agrees that nothing in this Deed is intended to take effect as a Basic Terms Modification and accordingly, if and to the extent that any of the modifications effected by this Deed would constitute, or are subsequently established to be, a Basic Terms Modification, they shall not take effect and shall be deemed never to have taken effect.

8. FURTHER ASSURANCE

The Issuer undertakes to the Trustee to cause the Global A1 Rule 144A Note and the Global A1 Reg S Note to be marked accordingly and give such notices and instructions as the clearing systems may require to give effect to the amendments hereby.

9. **ORIGINAL TRUST DEED**

This Deed is supplemental to the Original Trust Deed and subject to the amendments to be effected to the Original Trust Deed hereunder, the Original Trust Deed and the Notes shall remain in full force and effect and the Original Trust Deed and this Deed shall be read and construed together as one deed.

10. **ENDORSEMENT ON PRINCIPAL TRUST DEED**

A memorandum of this Deed shall be endorsed on the original of the Original Trust Deed by the Trustee and on the duplicate thereof by the Issuer.

11. **COUNTERPARTS**

This Deed may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.

12. **GOVERNING LAW**

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

13. **JURISDICTION**

- (a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Deed (including a dispute relating to the existence, validity or termination of this Deed or the consequences of its nullity or any non-contractual obligation arising out of or in connection with this Deed) (a "**Dispute**").
- (b) The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle Disputes between them and, accordingly, it will not argue to the contrary.
- (c) This Clause 13 is for the benefit of the Trustee only. As a result, and notwithstanding paragraph (a), the Issuer acknowledges that paragraph (a) does not prevent the Trustee from taking any proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Trustee may take concurrent proceedings in any number of jurisdictions.

14. **THIRD PARTY RIGHTS**

A person who is not a party to this Deed may not enforce any terms of this Deed under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any third party which exists or is available apart from that Act.

IN WITNESS of which this Deed has been executed and delivered as a deed by the parties to it on the date above mentioned.

The Issuer

SIGNED and DELIVERED)
as a **DEED** by)
PARAGON MORTGAGES)
(NO. 14) PLC)

The Trustee

SIGNED and DELIVERED)
as a **DEED** by)
CITICORP TRUSTEE COMPANY)
LIMITED)

The A1 Conditional Note Purchaser and the Remarketing Agent

EXECUTED and DELIVERED as a)
DEED for and on behalf of)
THE ROYAL BANK OF)
SCOTLAND PLC)

) (Signature)

in the presence of:)

)

Signature:)

) (Name)

Name:)

)

Address:)

) (Title)

SIGNED and DELIVERED)
as a **DEED** by)
PARAGON FINANCE PLC)

SIGNED and DELIVERED)
as a **DEED** by)
MORTGAGE TRUST SERVICES PLC)

SIGNED and DELIVERED)
as a **DEED** by)
PARAGON MORTGAGES LIMITED)

SIGNED and DELIVERED)
as a **DEED** by)
MORTGAGE TRUST LIMITED)

**ANNEX 1
RNS NOTICE**

Paragon Mortgages (No.14) PLC

NOTICE

RNS Number: _____
Paragon Mortgages (No.14) PLC
16 December 2016

FOR IMMEDIATE RELEASE

PARAGON MORTGAGES (NO.14) PLC

**51 Homer Road, Solihull, West Midlands, B91 3QJ
a company incorporated in England and Wales
(registered number 6043254)**

**\$1,500,000,000 Class A1 Notes Due 2039
£125,000,000 Class A2a Notes Due 2039
€246,000,000 Class A2b Notes Due 2039
\$400,000,000 Class A2c Notes Due 2039
£51,900,000 Class B1a Notes Due 2039
€88,800,000 Class B1b Notes Due 2039
£20,000,000 Class C1a Notes Due 2039
€135,500,000 Class C1b Notes Due 2039
(the "Notes")**

1. BACKGROUND

- (a) Reference is made in this notice (this "**Notice**") to:
- (i) the \$1,500,000,000 Class A1 Notes due 2039 (ISIN: XS0292826921) (the "**Class A1 Notes**");
 - (ii) the A1 note conditional purchase agreement entered into between, *inter alios*, The Royal Bank of Scotland plc ("**RBS**"), Paragon Mortgages No.14 PLC (the "**Issuer**") and Citicorp Trustee Company Limited (the "**Trustee**") on 22 March 2007, as amended from time to time (the "**A1 Note Conditional Purchase Agreement**");
 - (iii) the remarketing agreement entered into between, *inter alios*, RBS, the Issuer and the Trustee on 22 March 2007 as amended from time to time (the "**Remarketing Agreement**");
 - (iv) the trust deed entered into between the Issuer and Trustee on 22 March 2007 as amended from time to time (the "**Trust Deed**") and the terms and conditions of the Notes in Schedule 4 of the Trust Deed (the "**Conditions**"); and

- (v) the 1992 ISDA Master Agreement (Multicurrency-Cross Border) dated 22 March 2007 between the Issuer, Barclays Bank Plc, (the "**Currency Swap Provider**") and the Trustee, together with the schedule thereto dated 22 March 2007 between the Issuer, the Currency Swap Provider and the Trustee (the "**Master Agreement**") and the confirmation dated 22 March 2007 between the Issuer, the Currency Swap Provider and the Trustee (the "**Confirmation**" and, together with the Master Agreement, the "**Currency Swap A1 Agreement**").
- (b) Capitalised terms used in this Notice that are not defined herein have the meaning given to them in the A1 Conditional Note Purchase Agreement, the Remarketing Agreement, the Trust Deed and the Currency Swap A1 Agreement, as applicable.

2. **A1 NOTE CONDITIONAL PURCHASE**

- (a) In accordance with, inter alia, the A1 Note Conditional Purchase Agreement, the Remarketing Agreement, the Trust Deed (including Condition 5(i) (A1 Note Mandatory Transfer Arrangements)) and the Currency Swap A1 Agreement, the Class A1 Notes were purchased by the A1 Note Conditional Purchaser on 15 December 2016 (the "**A1 Note Conditional Purchase**").
- (b) As a result of the occurrence of, and with effect from the date of, the A1 Note Conditional Purchase:
 - (i) the interest rate on the Class A1 Notes is 3 month GBP LIBOR plus the Maximum Reset Margin (which is 20 basis points);
 - (ii) any payments of principal or interest in respect of the Class A1 Notes will be made in sterling on each Interest Payment Date using a principal amount outstanding on the 15 December 2016 of £423,694,418.60 (being the A1 Note Mandatory Transfer Price and therefore the GBP Equivalent Principal Amount Outstanding on such date) as the reference amount for the calculation of such payments and taking into account subsequent amortisations thereof until the Class A1 Notes are redeemed;
 - (iii) following the A1 Note Mandatory Transfer Date, the Interest Determination Date for the Class A1 Notes shall be the first day of the Interest Period; and
 - (iv) the Termination Date of the Currency Swap A1 Agreement was 15 December 2016.

3. **NOTIFICATION OF AMENDMENTS MADE TO THE TRUST DEED AND A1 NOTE CONDITIONAL PURCHASE AGREEMENT**

- (i) The Issuer hereby notifies the investors that on 15 December 2016, the Issuer and the Trustee entered into an amendment deed (the "**Deed of Amendment**") in respect of the Trust Deed and the A1 Note Conditional Purchase Agreement.
- (ii) The amendments made pursuant to the Deed of Amendment became effective on 15 December 2016, and were made in order to:

- (A) enable the redenomination of Class A1 Notes from minimum denominations of \$100,000 into minimum denominations of £50,000 and integral multiples of £1 in excess thereof. For the purposes of the definition of "Note Currency" and the calculation of GBP Equivalent, the Class A1 Notes will continue for the purposes of Condition 4(a) (Interest Payment Dates), Condition 4(b) (Deferral of Interest on Class B Notes and Class C Notes, Additional Interest, Default Interest and Allocation of Interest), Condition 4(c) (Rate of Interest), Condition 4(d) (Determination of Rate of Interest and Calculation of Interest Payments and Other Interest Amounts), Condition 5 (Redemption and Purchase), Condition 9 (Events of Default), Condition 10 (Enforcement and Post Enforcement Call Option) and Condition 13 (Meetings of Noteholders; Modifications; Consents; Waiver) to be USD Notes;
- (B) enable the clearing systems to "re-badge" the Class A1 Notes from USD into GBP thus conforming the actual currency of payments in respect of the Class A1 Notes to the description of currency used by the clearing systems;
- (C) remove the requirement to hold the Class A1 Notes in DTC;
- (D) clarify the provisions on the Interest Determination Date so as to align such provisions with the convention for the other Notes which have originally been denominated in GBP, namely, that the Interest Determination Date is the first day of each Interest Period;
- (E) remove the requirement for any subsequent transfer of the A1 Notes to be conditional on an Accession Deed being entered into prior to such transfer.

Copies of the key documents associated with this Notice may be inspected in physical form at the registered office of the Issuer and during usual business hours on any day that is not a Saturday, Sunday or public holiday or upon request in electronic form from the Issuer for a period of 7 days from the date of this Notice.

Dated 16 December 2016

For further information, please contact:

Paragon Mortgages (No.14) Plc
51 Homer Road
Solihull
West Midlands
B91 3QJ

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Telephone number: +44 121 712 2315/+44 207 786 8470
Facsimile number: +44 121 712 2622

Attention: The Directors