

**PARAGON MORTGAGES LIMITED**

as an Originator and a Seller

**PARAGON SECOND FUNDING LIMITED**

as the Warehouser

**MORTGAGE TRUST LIMITED**

as an Originator

**MORTGAGE TRUST SERVICES PLC**

as an Administrator and as a Seller

**PARAGON FINANCE PLC**

as an Administrator

**PARAGON MORTGAGES (NO.15) PLC**

as the Issuer

and

**CITICORP TRUSTEE COMPANY LIMITED**

as the Trustee

---

**MORTGAGE SALE AGREEMENT**

---

A July 2007

## CONTENTS

<b>Clause</b>	<b>Page</b>
1. Definitions .....	1
2. Sale by the Warehouse to PML and MTS.....	10
3. Sale by the Sellers to the Issuer.....	12
4. Conditions to further sales.....	15
5. Consideration .....	16
6. Obligations .....	17
7. Completion.....	18
8. Warranties, Representations and Undertakings.....	21
9. Re-assignment of Rights of the Issuer.....	31
10. Merger.....	31
11. No Agency or Partnership .....	31
12. Payments .....	31
13. Taxation .....	31
14. Liability.....	31
15. Further Assurance .....	32
16. Waiver .....	33
17. Notices.....	33
18. Assignment.....	33
19. Trustee.....	33
20. Variations .....	34
21. Exclusion of Third Party Rights .....	34
22. Governing Law.....	34
SCHEDULE 1 INSURANCE CONTRACTS.....	38
SCHEDULE 2 MORTGAGE DOCUMENTATION.....	39
SCHEDULE 3 REGISTERED LAND TITLE .....	49
SCHEDULE 4 UNREGISTERED LAND TRANSFER .....	53
SCHEDULE 5 POWER OF ATTORNEY.....	57
SCHEDULE 6 SLR TRANSFER.....	67
SCHEDULE 7 SASINE REGISTER TRANSFER.....	73

SCHEDULE 8 SCOTTISH DECLARATIONS OF TRUST .....	79
SCHEDULE 9 LENDING GUIDELINES.....	92
SCHEDULE 10 FORM OF SOLVENCY CERTIFICATE .....	95
SCHEDULE 11 REGISTERED TRANSFER - NORTHERN IRELAND .....	97
SCHEDULE 12 UNREGISTERED TRANSFER - NORTHERN IRELAND .....	101
SCHEDULE 13 FORM OF PML/MTL NON-VERIFIED MORTGAGE REQUEST.....	105

**THIS MORTGAGE SALE AGREEMENT** is made by way of deed on 19 July 2007

**BETWEEN:**

- (1) **PARAGON MORTGAGES LIMITED** (registered number 2337854) whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE in its capacity as a Seller (a "**Seller**") under this Agreement ("**PML**");
- (2) **PARAGON SECOND FUNDING LIMITED** (registered number 2637506) whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE ("**PSFL**" and the "**Warehouser**");
- (3) **MORTGAGE TRUST SERVICES PLC** (registered number 3940202) whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE ("**MTS**", and together with PML, the "**Sellers**", and together with PFPLC, the "**Administrators**");
- (4) **MORTGAGE TRUST LIMITED**, (registered number 2048895) whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE ("**MTL**" and together with PML, the "**Originators**");
- (5) **PARAGON FINANCE PLC** (registered number 1917566) whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE ("**PFPLC**");
- (6) **PARAGON MORTGAGES (NO.15) PLC** (registered number 6212267) whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Issuer**", which term where the context permits shall include its successors and permitted assigns); and
- (7) **CITICORP TRUSTEE COMPANY LIMITED** (registered number 235914) whose registered office is at Citigroup Centre, 14th Floor, Canada Square, Canary Wharf, London E14 5LB (the "**Trustee**", which term where the context permits shall include such company and all other persons or companies for the time being acting as the trustee or trustees under the Trust Deed).

**IT IS HEREBY AGREED AS FOLLOWS:**

1. **DEFINITIONS**

- 1.1 The expressions defined in the Relevant Documents shall, unless otherwise defined in this Clause 1.1, have the same meanings in this Agreement and, in this Agreement, except in so far as the context otherwise requires:

"**A1 Note Conditional Purchaser**" means JPMCB;

"**ABN AMRO**" means ABN AMRO Bank N.V., London Branch;

"**Accrued Arrears**" means, in respect of any Mortgage, the amount of all sums which have accrued as due and payable by the Borrower in respect of such Mortgage in respect of the period up to but excluding the relevant Purchase Date and which remain due and payable at the relevant Purchase Date (*provided* that the principal moneys payable under any such Mortgage shall not be deemed to be due for the purpose of this paragraph merely because the legal date for redemption of the relevant Mortgage has passed as at the relevant Purchase Date);

"**Administration Agreement**" means the agreement to be executed on or before the Closing Date between PFPLC, MTS (in its capacity as Seller and Administrator), the Issuer, PML, MTL and the Trustee relating to, amongst other things, the administration of the Mortgages;

"**Administration Manual**" has the same meaning as in the Administration Agreement;

"**Administrator**" has the same meaning as in the Administration Agreement;

"**Annexures**" means:

- (a) in the case of this Agreement, the annexure to this Agreement containing brief particulars of the Original Mortgages and signed by or on behalf of the parties hereto for the purposes of identification; and
- (b) in the case of any Non-Verified Mortgage Request, the schedule referred to in that Non-Verified Mortgage Request containing brief particulars of certain Non-Verified Mortgages,

such annexure and schedules to be provided in either hard copy form or in electronic format;

"**Arrears Mortgage**" means a Mortgage in respect of which, on the Purchase Date, as applicable, the Accrued Arrears exceeds in aggregate an amount equal to one current monthly payment under that Mortgage;

"**Assured Shorthold Tenancy**" means in respect of Property located in England and Wales, a tenancy to which s.19(A) and s.20 of the Housing Act 1988, as amended, applies, and in respect of Property located in Northern Ireland, a tenancy on similar terms as such English assured shorthold tenancy;

"**Barclays**" means Barclays Bank PLC;

"**Basis Hedge Agreement**" has the same meaning as in the Trust Deed;

"**Borrower**", in relation to each Individual Mortgage, means the person defined as the "Borrower" in the Mortgage Conditions applicable to that Individual Mortgage and, in relation to each Corporate Mortgage, means the company defined as the "Company" or the "Borrower" in the Mortgage Conditions applicable to that Corporate Mortgage;

"**Business Day**" means a day (other than a Saturday or Sunday) on which banks are generally open for business in London;

"**Cap Agreement**" has the same meaning as in the Administration Agreement;

"**Cap Guarantee**" has the same meaning as in the Administration Agreement;

"**Closing Date**" means July 2007;

"**Collection Period**" has the same meaning as in the Administration Agreement;

"**Converted Mortgages**" means Mortgages which have been converted from any one type of Mortgage into a different type of Mortgage (or a combination of types of Mortgage);

"**Corporate Mortgages**" means mortgages, charges and Standard Securities and the loans secured thereby where the borrower thereunder is a limited liability company;

"**Current Balance**" has the same meaning as in the Deed of Charge;

"**Deed of Charge**" means a deed of sub-charge and assignment to be entered into on the Closing Date between, *inter alios*, the Issuer, the Trustee, PFPLC, PML, MTL, MTS, Homeloan Management Limited, ABN AMRO as a Basis Hedge Provider, JPMCB as a Basis Hedge Provider and the A1 Note Conditional Purchaser, Barclays as the Currency Swap Provider and, if applicable, the Flexible Drawing Facility Provider, J.P. Morgan Securities Ltd. as the Remarketing Agent and includes, where the context so admits, any further or supplemental charge or security granted pursuant thereto;

"**Deferred Purchase Consideration**" means the amounts payable by the Issuer to the relevant Sellers on each Interest Payment Date subject to and as specified in the relevant priority of payments, comprising an amount equal to the remaining balance, if any, of the moneys available on such Interest Payment Date for application in accordance with the relevant priority of payments as agreed between PML, MTS and the Issuer;

"**Direct Debiting Scheme**" means the scheme for the manual or automated debiting of bank accounts operated in accordance with the detailed rules of certain members of the Association for Payment Clearing Services;

"**Discretionary Further Advance**" has the same meaning as in the Administration Agreement;

"**Enforcement Notice**" has the same meaning as in the Deed of Charge;

"**English Mortgage**" means a Mortgage secured or intended to be secured over residential Property in England or Wales;

"**First Loss Fund**" means the amount standing to the credit of the First Loss Ledger from time to time;

**"First Loss Ledger"** means the ledger so referred to in clause 6.2.1 of the Administration Agreement;

**"Flexible Drawing Advance"** means a Flexible Drawing Cash Advance or Flexible Drawing Capitalised Advance;

**"Flexible Drawing Capitalised Advance"** means the amount of interest that was scheduled to be paid as one or more of the borrower's monthly payments but which is met (in whole or in part) by capitalising such amount to his Flexible Mortgage account;

**"Flexible Drawing Cash Advance"** means each amount withdrawn by the borrower from his Flexible Mortgage account;

**"Flexible Drawing Facility Provider"** means, in the event that a flexible drawing facility agreement is entered into by the Issuer, the flexible drawing facility provider appointed according to the terms of such agreement;

**"Flexible Mortgage"** means a Mortgage which provides borrowers with the right to make principal overpayments and to obtain Flexible Drawing Advances from time to time;

**"FRS 26 Adjustment"** means the postings required to adjust the carrying value of a mortgage to that calculated under the "amortised cost basis" (as defined by Financial Reporting Standard 26 under UK GAAP) and as calculated by the Administrator on the relevant Purchase Date;

**"FRS 26 Adjustment Amount"** means any amount advanced to the Issuer by either of the Subordinated Lenders under the Subordinated Loan Agreement to enable the Issuer to pay that part of the consideration for any Mortgages which constitutes the FRS 26 Adjustment;

**"Further Purchase Date"** means, in relation to any sale and purchase of Non-Verified Mortgages, the date on which the sale and purchase is completed subject to, and in accordance with, the terms of this Agreement;

**"GBP Equivalent"** has the same meaning as in the Administration Agreement;

**"Individual Mortgages"** means mortgages, charges and Standard Securities and the loans secured thereby where the borrower thereunder is an individual;

**"Initial Principal Amount"** has the same meaning as in the Administration Agreement;

**"Insurance Contracts"** means the contracts of insurance specified in Schedule 1 to the extent therein specified;

**"Interest Charging Balance"** has the same meaning as in the Administration Agreement;

**"Interest Payment Date"** has the same meaning as in the Administration Agreement;

**"Investment Home Mortgage"** means a Mortgage which relates to a Property occupied or intended to be occupied by a tenant of a Borrower and not the Borrower itself or held as an investment by a Borrower;

**"JPMCB"** means JPMorgan Chase Bank, N.A.;

**"Lending Guidelines"** means the lending guidelines set out in Schedule 9 or, in relation to any Converted Mortgages, the lending guidelines applicable thereto which (to the extent that they differ from those set out in Schedule 9) have received the written approval of the Rating Agencies (and a copy of which has been supplied to the Trustee);

**"Loan"** means mortgage loans originated by the Originators, the beneficial interests in which are sold to the Issuer pursuant to this Agreement;

**"Mandatory Further Advance"** has the same meaning as in the Administration Agreement;

**"MHA/CP Documentation"** means an affidavit, consent or renunciation granted in terms of the Matrimonial Homes (Family Protection) (Scotland) Act 1981 or (as applicable) the Civil Partnership Act 2004 in connection with a Scottish Mortgage which is an Individual Mortgage or the Property to which it relates;

**"Mortgage Conditions"** means the terms and mortgage conditions applicable to the Mortgages and which are comprised in the Mortgage Documentation;

**"Mortgage Documentation"** means, in the case of any Individual Mortgage, the documents listed in Part A of Schedule 2 and, in the case of any Corporate Mortgage, the documents listed in Part B of Schedule 2 or, in the case of any Mortgage which has been converted into a different type or types of Mortgage, those listed as aforesaid (as applicable) or such other documents as may have been used in connection with such Mortgages, the use of which the Rating Agencies shall have confirmed to the Trustee would not adversely affect the then current ratings of the Notes;

**"Mortgagee"** means each of the relevant Sellers, MTL and the Warehouser as mortgagee, chargee or heritable creditor, as the context requires;

**"Mortgages"** means the Original Mortgages and Non-Verified Mortgages;

**"MTL Non-Verified Mortgage Request"** means a letter, addressed to MTS, in substantially the same form as that set out in Schedule 13;

**"MTL Non-Verified Mortgages"** means the Individual Mortgages and the Corporate Mortgages to be sold by PSFL to MTS and by MTS to the Issuer pursuant to this Agreement, brief details of which are to be set out in the Annexure to the MTL Non-Verified Mortgage Request;

**"MTL Original Mortgages"** means the Individual Mortgages and the Corporate Mortgages to be sold by PSFL to MTS and by MTS to the Issuer on the Closing Date



pursuant to this Agreement, brief details of which are set out in Parts 3 and 4 of the Annexure to this Agreement;

**"MTL Mortgages"** means the MTL Original Mortgages and the MTL Non-Verified Mortgages;

**"Non-Verified Mortgages"** means the PML Non-Verified Mortgages and the MTL Non-Verified Mortgages;

**"Non-Verified Mortgage Amount"** means the amount credited to the Pre-Funding Reserve Ledger on the Closing Date which will equal the balance of the gross proceeds of the issue of the Notes and any drawing under the Subordinated Loan Agreement which is not applied on the Closing Date in purchasing Mortgages or in establishing the First Loss Fund or the Margin Reserve Fund;

**"Non-Verified Mortgage Requests"** means the PML Non-Verified Mortgage Request and the MTL Non-Verified Mortgage Request;

**"Non-Verified Payment"** means the purchase price payable by the Issuer for any Non-Verified Mortgage and, for the avoidance of doubt, includes any necessary FRS 26 Adjustment Amount;

**"Northern Irish Mortgage"** means a Mortgage secured or intended to be secured over residential Property in Northern Ireland;

**"Notes"** and **"Class A Notes"**, **"Class B Notes"** and **"Class C Notes"** have the same meaning as in the Administration Agreement;

**"Original Mortgages"** means the PML Original Mortgages and the MTL Original Mortgages;

**"PML Mortgages"** means the PML Original Mortgages and the PML Non-Verified Mortgages;

**"PML Non-Verified Mortgage Request"** means a letter, addressed to PML, in substantially the same form as that set out in Schedule 13;

**"PML Non-Verified Mortgages"** means the Individual Mortgages and the Corporate Mortgages to be sold by PSFL to PML and by PML to the Issuer pursuant to this Agreement, brief details of which are to be set out in the Annexure to the PML Non-Verified Mortgage Request;

**"PML Original Mortgages"** means the Individual Mortgages and the Corporate Mortgages to be sold by PSFL to PML and by PML to the Issuer on the Closing Date pursuant to this Agreement, brief details of which are set out in Parts 1 and 2 of the Annexure to this Agreement;

**"Power of Attorney"** means a power of attorney to be granted by each Originator and MTS in favour of the Issuer, the Trustee and the Administrator in the form set out in Parts A, B and C of Schedule 5;

**"Pre-Funding Reserve Ledger"** means the ledger so referred to in clause 6.2.1 of the Administration Agreement;

**"Principal Determination Date"** has the same meaning as in the Administration Agreement;

**"Property"** means, in relation to each Mortgage, the residential property upon which the relevant loan is secured;

**"Prospectus"** means the prospectus dated 16 July 2007 in relation to the issue by the Issuer of the Notes;

**"Provisional Mortgage Pool"** means the provisional mortgage pool comprising mortgages, charges and Standard Securities and the loans secured thereby referred to in the Prospectus prepared in connection with the Notes having an aggregate provisional balance of £677,081,500.22;

**"Purchase Date"** means:

- (a) in relation to the sale and purchase of the Original Mortgages, the Closing Date; and
- (b) in relation to any sale and purchase of Non-Verified Mortgages, the relevant Further Purchase Date;

**"Rating Agencies"** has the same meaning as in the Administration Agreement;

**"Registered Land Transfer"** means a transfer of English Mortgages in the form set out in Schedule 3 or a transfer of Northern Irish Mortgages (in respect of Property comprising registered land in Northern Ireland) in the form set out in Schedule 11;

**"Registers of Northern Ireland"** means the Land Registry of Northern Ireland and/or the Registry of Deeds of Belfast;

**"Registers of Scotland"** means the Land Register of Scotland and/or the General Register of Sasines;

**"Relevant Documents"** has the same meaning as in the Deed of Charge;

**"Relevant Mortgage"** has the same meaning as in Clause 8.6;

**"Relevant Registry"** means the Land Registry of England and Wales, the Registers of Scotland and the Registers of Northern Ireland;

**"Relevant Second Mortgage"** has the same meaning as in Clause 8.7;

**"Remarketing Agent"** means J.P. Morgan Securities Ltd.;

**"Retained Pre-Closing Accruals and Arrears"** means, in respect of any Mortgage, the Accrued Arrears in respect of such Mortgage and the amount of any interest (including capitalised interest (if any)) or other sum due to be paid or accrued in respect of any period up to the Purchase Date under or in respect of such Mortgage;

**"Revenue Ledger"** has the same meaning as in the Administration Agreement;

**"Sale Document"** means this Agreement (in the case of the purchase of the Original Mortgages) and each Non-Verified Mortgage Request (in the case of the purchase of any Non-Verified Mortgages);

**"Sasine Register Transfer"** means an assignation of Scottish Mortgages in the form set out in Part A of Schedule 7, in the case of Scottish Mortgages originated by PML, and in the form set out in Part B of Schedule 7, in the case of Scottish Mortgages originated by MTL;

**"Scottish Declarations of Trust"** means the declarations of trust made by each Originator in favour of the Issuer on the Closing Date in respect of the Scottish Mortgages and the collateral security therefor in the form set out in Part A of Schedule 8, in the case of the PML Original Mortgages that are Scottish Mortgages, and in the form set out in Part B of Schedule 8, in the case of MTL Original Mortgages that are Scottish Mortgages;

**"Scottish Mortgage"** means an Original Mortgage secured or intended to be secured over residential Property in Scotland;

**"Scottish Sub-Securities"** has the same meaning as in the Deed of Charge;

**"Scottish Transfer"** means a SLR Transfer and/or a Sasine Register Transfer;

**"Short Assured Tenancy"** means a tenancy to which section 32 of the Housing (Scotland) Act 1988 applies;

**"SLR Transfer"** means an assignation of Scottish Mortgages in the form set out in Part A of Schedule 6, in the case of Scottish Mortgages originated by PML, and in the form set out in Part B of Schedule 6, in the case of Scottish Mortgages originated by MTL;

**"Standard Security"** means a standard security as defined in Part II of the Conveyancing and Feudal Reform (Scotland) Act 1970;

**"Subordinated Lenders"** has the same meaning as in the Administration Agreement;

**"Subordinated Loan Agreement"** has the same meaning as in the Administration Agreement;

**"Transaction Account"** has the same meaning as in the Administration Agreement;

**"Transfer"** means a Registered Land Transfer and/or an Unregistered Land Transfer and/or a Scottish Transfer;

"**Trust Deed**" has the same meaning as in the Administration Agreement;

"**Unregistered Land Transfer**" means a transfer of English Mortgages in the form set out in Schedule 4 or a transfer of Northern Irish Mortgages in the form set out in Schedule 12 (in respect of Property comprising unregistered land in Northern Ireland);

"**Waived Prepayment Charge Amount**" has the same meaning as in the Administration Agreement;

"**Warehouse Deed of Charge**" means the deed of sub-charge and assignment (as amended) dated 26 February 1999 between, amongst others, PSFL and The Royal Bank of Scotland plc (in its capacity as Security Agent under and as defined in that deed of sub-charge and assignment);

"**Warehouse Further Release**" means a release, dated on or before the relevant Further Purchase Date, duly executed by The Royal Bank of Scotland plc (in its capacity as Security Agent under, and as such term is defined in, the Warehouse Deed of Charge) of its security interests in the Non-Verified Mortgages specified therein (and the collateral or related security therefor) in a form acceptable to the Trustee;

"**Warehouse Original Release**" means a release, dated on or before the Closing Date, duly executed by The Royal Bank of Scotland plc (in its capacity as Security Agent under, and as such term is defined in, the Warehouse Deed of Charge) of its security interests in the Original Mortgages (and the collateral or related security therefor) in a form acceptable to the Trustee; and

"**Warehouse Release**" means the Warehouse Original Release or a Warehouse Further Release, as the case may be.

- 1.2 The headings and contents pages in this Agreement shall not affect its interpretation. References in this Agreement to Clauses and Schedules shall, unless the context otherwise requires, be construed as references to Clauses of and schedules to, this Agreement and references to sub-clauses shall, unless the context otherwise requires, be construed as references to sub-clauses of the Clause in which the references appear.
- 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 genders and words denoting persons only shall include firms and corporations and vice versa.
- 1.4 References in this Agreement to any agreement or other document shall be deemed also to refer to such agreement or document as amended, modified, novated or replaced from time to time.
- 1.5 The terms of the Relevant Documents are incorporated herein to the extent required for any contract for the disposition of an interest in land (as defined in Section 2(6) of the Law of Property (Miscellaneous Provisions) Act 1989) contained herein to be a valid agreement in accordance with Section 2(1) of that Act.

1.6 References to PML, PFPLC, MTS, MTL, the Warehouser, the Issuer, the Trustee, the Administrators or any other person include references to their successors, transferees and assigns and persons deriving title under or through them respectively. References in this Agreement to any statute or statutory provision shall be deemed also to refer to any statutory modification or re-enactment thereof and to any statutory instruments, orders or regulations made thereunder or under any such re-enactment.

2. **SALE BY THE WAREHOUSER TO PML AND MTS**

2.1 Subject to the terms and conditions of this Agreement, the Warehouser, MTS and PML agree that the Warehouser shall:

- (a) sell and PML shall purchase the PML Original Mortgages on the Closing Date; and
- (b) sell and MTS shall purchase the MTL Original Mortgages on the Closing Date.

2.2 At any time and from time to time up to (and including) the first Principal Determination Date, the Warehouser may deliver:

- (a) a PML Non-Verified Mortgage Request to PML, the Trustee and the Issuer requiring PML to purchase the PML Non-Verified Mortgages specified therein; and/or
- (b) a MTL Non-Verified Mortgage Request to MTS, the Trustee and the Issuer requiring MTS to purchase the MTL Non-Verified Mortgages specified therein.

2.3 Subject to the terms and conditions of this Agreement (other than Clause 3.3), the Warehouser, MTS and PML agree that, following the delivery of a Non-Verified Mortgage Request in accordance with Clause 2.2, the Warehouser shall:

- (a) sell and PML shall purchase the PML Non-Verified Mortgages; and
- (b) sell and MTS shall purchase the MTL Non-Verified Mortgages,

in each case on the date specified in the relevant Non-Verified Mortgage Request **provided that** such date is a Business Day falling on or prior to the first Principal Determination Date.

2.4 In connection with each sale and purchase referred to in Clauses 2.1 and 2.3, subject to the terms and conditions of this Agreement, the Warehouser agrees to sell with full title guarantee (or in the case of Scottish Mortgages with absolute warrandice or in the case of Northern Irish Mortgages, as beneficial owner) and PML (in respect of the PML Mortgages) and MTS (in respect of the MTL Mortgages) agree to purchase on the relevant Purchase Date:

- (A) subject to the subsisting rights of redemption of Borrowers, those Mortgages which are or will be set out in the Annexure to the relevant Sale Document pursuant to which such Mortgages are to be purchased on that Purchase Date including for the avoidance of doubt:
- (i) all sums of principal, interest or any other sum payable under and the right to demand, sue for, recover, receive and give receipts for all principal moneys payable under such Mortgages or the unpaid part thereof and the interest due or to become due thereon and the other sums due under such Mortgages including the Accrued Arrears in respect of any such Mortgage and the amount of any interest (including capitalised interest (if any)) or other sums due to be paid or accrued in respect of any period up to such Purchase Date under or in respect of any Mortgage (*provided* that the principal moneys payable under any such Mortgage shall not be deemed to be due for the purpose of this paragraph merely because the legal date for redemption of the relevant Mortgage has passed); and
  - (ii) the benefit of all securities for such principal moneys and interest and the benefit of and the right to sue on all obligations, undertakings and covenants with, or vested in, the Mortgagee in each such Mortgage and the right to exercise all the Mortgagee's powers in relation to such Mortgages and, in the case of Individual Mortgages only, the benefit of all consents to mortgage signed by the occupiers of the Properties and the benefit of all MHA/CP Documentation; and
  - (iii) all the estate and interest in the Properties vested in the Mortgagee subject to redemption or cesser; and
  - (iv) all causes and rights of action against any person in connection with any report, valuation, opinion, certificate, consent or other statement of fact or opinion given in connection with any such Mortgage or affecting the decision to make the relevant advance; and
  - (v) the benefit of any guarantee or surety vested in the Mortgagee relating to any such Mortgage and any other collateral security relating to such Mortgage; and
  - (vi) the benefit of any rights to receive compensation in respect of criminal damage pursuant to the Criminal Damage (Compensation) (Northern Ireland) Order 1977 in respect of the Northern Irish Mortgages; and
- (B) all its right, title, interest and benefit (whether present or future) in relation to the Insurance Contracts including the right to receive the proceeds of any claim insofar only as they relate to such Mortgages.

- 2.5 The completion of the sale and purchase referred to in Clauses 2.4(A) and (B) in relation to certain of the Scottish Mortgages on the Closing Date in accordance with Clause 7 shall *ipso facto* constitute a release of those Scottish Mortgages and all collateral security relative thereto from the trusts constituted by the declarations of trust between (i) PML and PSFL dated on, or subsequent to, 26 February 1999 and (ii) MTL, MTS (where applicable) and PSFL dated on, or subsequent to, 25 May 2004, and the termination of the said trusts in respect thereof, the personal and contractual right to which Scottish Mortgages and other collateral security shall thereupon revert to and be vested in PML or (as applicable) MTL.
- 2.6 If, on or at any time after the relevant Purchase Date, the Warehouser holds, or there is held to its order, or it receives, or there is received to its order any property, interest, right or benefit hereby agreed to be sold to PML or MTS and/or the proceeds thereof, it undertakes with PML or MTS as appropriate that it will hold such property, interest, right or benefit and/or the proceeds thereof upon trust for PML or MTS as appropriate as the beneficial or contractual owner thereof or as PML or MTS as appropriate may direct and in the case of proceeds shall forthwith pay such proceeds to PML or MTS as appropriate to be dealt with as provided herein.

3. **SALE BY THE SELLERS TO THE ISSUER**

- 3.1 Subject to the terms and conditions of this Agreement, each Seller severally agrees with the Issuer and the Issuer agrees with that Seller that each Seller shall severally sell, and the Issuer shall purchase, the Original Mortgages on the Closing Date.
- 3.2 If the Warehouser delivers a Non-Verified Mortgage Request in accordance with Clause 2.2, the Issuer shall be required to purchase the Non-Verified Mortgages specified therein from PML or MTS (as the case may be).
- 3.3 Subject to each sale and purchase referred to in Clause 2.3 and the terms and conditions of this Agreement, PML, MTS and the Issuer agree that:
- (a) PML shall sell and the Issuer shall purchase the PML Non-Verified Mortgages; and
  - (b) MTS shall sell and the Issuer shall purchase the MTL Non-Verified Mortgages,

in each case on the date specified in the relevant Non-Verified Mortgage Request **provided that** such date is a Business Day falling on or prior to the first Principal Determination Date.

- 3.4 Subject to the terms and conditions of this Agreement, the relevant Seller severally agrees to sell with full title guarantee (or in the case of Scottish Mortgages, with absolute warrandice, or in the case of Northern Irish Mortgages, as beneficial owner) and the Issuer agrees to purchase on each Purchase Date and subject to the terms and conditions of this Agreement, the relevant Seller hereby sells and the Issuer hereby purchases on the relevant Purchase Date:

- (A) subject to the subsisting rights of redemption of Borrowers, those Mortgages which are or will be set out in the Annexure to the relevant Sale Document pursuant to which Mortgages are to be purchased on that Purchase Date including for the avoidance of doubt:
- (i) all sums of principal, interest or any other sum payable under and the right to demand, sue for, recover, receive and give receipts for all principal moneys payable or to become payable under such Mortgages or the unpaid part thereof and the interest due or to become due thereon and the other sums due under such Mortgages, in each case other than Retained Pre-Closing Accruals and Arrears which the relevant Seller shall not transfer but shall retain for its own benefit; and
  - (ii) the benefit of all securities for such principal moneys and interest, and the benefit of and the right to sue on all obligations, undertakings and covenants with, or vested in, the Mortgagee in each such Mortgage and the right to exercise all the Mortgagee's powers in relation to such Mortgages and, in the case of Individual Mortgages only, the benefit of all consents to mortgage signed by occupiers of the Properties and the benefit of all MHA Documentation; and
  - (iii) all the estate and interest in the Properties vested in the Mortgagee subject to redemption or cesser; and
  - (iv) all causes and rights of action against any person in connection with any report, valuation, opinion, certificate, consent or other statement of fact or opinion given in connection with any such Mortgage or affecting the decision to make any relevant advance; and
  - (v) the benefit of any guarantee or surety vested in the Mortgagee relating to any such Mortgage and any other collateral security relating to such Mortgage; and
  - (vi) the benefit of any right to receive compensation in respect of criminal damage pursuant to the Criminal Damage (Compensation) (Northern Ireland) Order 1977 in respect of the Northern Irish Mortgages; and
- (B) all its right, title, interest and benefit (whether present or future) in relation to the Insurance Contracts including the right to receive the proceeds of any claim insofar only as they relate to such Mortgages but not insofar as they relate to any amount comprising Retained Pre-Closing Accruals and Arrears.

3.5 Each sale and purchase referred to in Clauses 3.1, 3.3 and 3.4 shall be completed as follows:

- (A) in the case of Properties in England or Wales or Northern Ireland which comprise land registered at the Land Registry or the Land Registry of Northern Ireland, as applicable (including any Property which is the subject of



an application for first registration), by a transfer in the form of the Registered Land Transfer;

- (B) in the case of Properties in England or Wales or Northern Ireland which comprise land which is not registered at the Land Registry or the Land Registry of Northern Ireland, as applicable (excluding that which is the subject of an application for first registration), by a transfer in the form of the Unregistered Land Transfer; and
- (C) in the case of Properties in Scotland:
  - (i) in respect of those Properties registered or in the course of registration in the Land Register of Scotland, by an assignation or assignations in the form of the SLR Transfer;
  - (ii) in respect of those Properties recorded or in the course of being recorded in the General Register of Sasines, by an assignation or assignations in the form of the Sasine Register Transfer; and
  - (iii) in all cases, by a declaration of trust in the form set out in Part A of Schedule 8, in the case of Scottish Mortgages that are PML Original Mortgages, and in the form set out in Part B of Schedule 8, in the case of Scottish Mortgages that are MTL Original Mortgages,

**provided always** that neither the Issuer nor the Trustee shall be entitled to require the relevant Originator to execute and deliver any of the documents referred to in Clause 3.5(A), 3.5(B) or 3.5(C)(i) or (ii) until after the occurrence of any of the events referred to in Clauses 4.4.2(a) to (g) of the Administration Agreement or such other time as the parties may agree, or unless it is entitled to do so in accordance with Clause 4.4.3 of the Administration Agreement.

Each Mortgagee acknowledges to the Issuer and the Trustee that, in consideration for the provision of funds for that purpose by or on behalf of the Issuer and/or Trustee, each Discretionary Further Advance and each Mandatory Further Advance made by or on behalf of and in the name of the Originator to a Borrower under and on the security of a Mortgage using such funds is at all times included in and forms part of the relevant Mortgage sold to the Issuer under Clauses 3.1, 3.3 and 3.4 of this Agreement and will be secured thereby and the relevant Originator acknowledges that it retains no right, title, interest or benefit (whether present or future) in any Discretionary Further Advance and/or each Mandatory Further Advance so funded.

- 3.6 If on or at any time after the relevant Purchase Date a Seller or Originator holds, or there is held to its order, or it receives, or there is received to its order (otherwise than following a repurchase under Clause 8 or a re-assignment or retrocession under Clause 9) any property, interest, right or benefit hereby agreed to be sold to the Issuer and/or the proceeds thereof, it undertakes with the Issuer that it will hold such property, interest, right or benefit and/or the proceeds thereof upon trust for the Issuer as the

beneficial owner thereof or as the Issuer may direct and in the case of proceeds shall forthwith pay such proceeds to the Issuer to be dealt with as provided herein. If on or at any time after the relevant Purchase Date the Issuer holds, or there is held to its order, or it receives, or there is received to its order, any property, interest, right or benefit which is repurchased by a Seller under Clause 8 or re-assigned or retrocessed to a Seller under Clause 9 or of which a Seller retains the benefit as expressly provided herein and/or the proceeds of any thereof, the Issuer undertakes that it will hold such property, interest, right or benefit and/or the proceeds thereof upon trust for the relevant Seller as beneficial owner thereof.

4. **CONDITIONS TO FURTHER SALES**

The parties to this Agreement agree that neither the Warehouser nor the Sellers will be entitled to, and that they will not, sell, and the Issuer will not be entitled to, and that it will not, purchase, any Non-Verified Mortgages unless each of the following conditions is satisfied on the Further Purchase Date:

- (A) each of the Rating Agencies has confirmed in writing that the proposed purchase of Non-Verified Mortgages on such Further Purchase Date shall not adversely affect any of the then current ratings of the Notes;
- (B) each party which is selling a Non-Verified Mortgage and the Issuer shall have delivered to the Trustee on the Further Purchase Date:
  - (i) a solvency certificate dated the Further Purchase Date and signed by a director of the relevant company in or substantially in the form set out in Schedule 10;
  - (ii) a certificate confirming that each of the Non-Verified Mortgages to be purchased on such Purchase Date was originated on the same Lending Guidelines as those which applied to similar Original Mortgages; and
  - (iii) a satisfactory audit of the Non-Verified Mortgages being purchased, in accordance with the relevant terms agreed at that time with the Rating Agencies;
- (C) no Enforcement Notice has been served;
- (D) if such purchase were completed, the maximum aggregate principal amount of all Arrears Mortgages purchased by the Issuer (whether at or after the Closing Date) (when aggregated with any other Arrears Mortgages previously purchased) is £10,000,000 at the time of purchase;
- (E) there not having occurred any Event of Default under (and as defined in) Condition 9 or any Termination Event under (and as defined in) the Administration Agreement which, in any such case, is continuing;

- (F) the Sellers have delivered to the Trustee, on the relevant Purchase Date, a certificate dated on the relevant Purchase Date confirming that the conditions set out in this Clause 4 have been satisfied; and
- (G) the aggregate amount of Mandatory Further Advances (other than in respect of Flexible Drawing Cash Advances) which the lender is committed to make under the Non-Verified Mortgages which are to be purchased by the Issuer on the relevant Purchase Date shall not, when aggregated with:
  - (i) the aggregate amount of all Discretionary Further Advances (other than by way of capitalisation of arrears) which have been made since the Closing Date or which are proposed to be made on or before the Further Purchase Date;
  - (ii) the aggregate amount of all Mandatory Further Advances (other than in respect of Flexible Drawing Cash Advances) which have been made since the Closing Date or which are to be made on or before the Further Purchase Date,

which in the case of each of sub-paragraphs (i) and (ii) above, have been or are to be funded by the Issuer out of principal received or recovered or deemed to have been received or recovered in respect of the Mortgages and not out of the proceeds of any advance under the Subordinated Loan Agreement made or to be made for such purpose;

- (iii) the aggregate amount of all other Mandatory Further Advances (other than in respect of Flexible Drawing Cash Advances), in respect of Mortgages which the Issuer has purchased or will have purchased before the relevant Purchase Date, which are to be made after the relevant Purchase Date,

exceed a combined aggregate cumulative limit of 16 per cent. of the GBP Equivalent Initial Principal Amount of the Notes; and

- (H) the satisfaction of the obligations set out at Clause 7.3.

## 5. CONSIDERATION

5.1 The total consideration payable by PML for the PML Mortgages or MTS for the MTL Mortgages to the Warehouser for the sales by the Warehouser referred to in Clauses 2.1, 2.3 and 2.4 shall be the Warehouser Consideration payable as specified in this Agreement. In this Agreement "**Warehouser Consideration**" shall be a sum equal to:

- (i) the principal balances in respect of the Mortgages sold by the Warehouser as at such Purchase Date shown in the Annexure to the relevant Sale Document pursuant to which such Mortgages are to be purchased on that Purchase Date where such amount in the case of each such Mortgage is described as the "**Current Principal Balance**"; plus

- (ii) the amount of Accrued Arrears in respect of such Mortgages; plus
- (iii) the amount of interest and other sums accrued in respect of any period ending before the relevant Purchase Date under or in respect of such Mortgages which in each case have not fallen due for payment; plus
- (iv) the amount (if any) in respect of such Mortgages shown in such Annexure and described as "**FRS 26 Adjustments**"; but less
- (v) in respect of each Arrears Mortgage, the amount of any provision which has been made against the recovery of amounts due under that Arrears Mortgage as at the relevant Purchase Date,

and, for the avoidance of doubt, no consideration will be payable under this Clause 5.1 in respect of the sale of the items referred to in Clauses 2.4(A)(iv), 2.4(A)(v) and 2.4(B).

5.2 The total consideration payable by the Issuer to a Seller for the sale by that Seller of the Mortgages referred to in Clauses 3.1, 3.3 and 3.4 shall be the Issuer Initial Consideration and the Deferred Purchase Consideration each payable as specified in this Agreement. In this Agreement "**Issuer Initial Consideration**" shall be a sum equal to:

- (i) the principal balance in respect of the Mortgages sold by that Seller as at the relevant Purchase Date as shown in the Annexure to the relevant Sale Document on such Purchase Date where such amount in the case of each such Mortgage is described as the "**Current Principal Balance**"; plus
- (ii) the amounts (if any) in respect of such Mortgages shown in the Annexure and described as "**FRS 26 Adjustments**"; less
- (iii) in respect of each Arrears Mortgage, the amount of any provision which has been made against the recovery of amounts due under that Arrears Mortgage as at the relevant Purchase Date,

and, for the avoidance of doubt, no consideration will be payable under this Clause 5.2 in respect of the sale of the items referred to in Clauses 3.4(A)(iv), 3.4(A)(v) and 3.4(B).

## 6. OBLIGATIONS

6.1 Each Mortgagee severally undertakes with the Issuer and the Trustee that it will provide all reasonable co-operation to the Issuer and the Trustee during the term of this Agreement and without prejudice to the generality of the foregoing shall:

- (A) upon reasonable notice and during normal office hours permit the Issuer and the Trustee and their authorised employees and agents and other persons nominated by either of them to review its files in relation to the Mortgages and any related books of account and records; and

- (B) give promptly all such information, facilities and explanations relating to its business and any of the Mortgages and all other property, interest, right, benefit or obligation hereby agreed to be sold as any such person may reasonably request.
- 6.2 Prior to the relevant Purchase Date, no Mortgagee shall make any announcement in relation to any of the Mortgages, other than an adjustment of the rate or rates of interest on the Mortgages, without the prior approval of the Issuer and the Trustee (such approval not to be unreasonably withheld or delayed) of the terms of such announcement.
- 6.3 Without prejudice to the other provisions of this Clause, prior to the relevant Purchase Date, the Issuer shall procure that the Administrator shall continue to administer the Mortgages on the same basis as for all other mortgages, Standard Securities and charges of a similar type administered by it.
- 6.4 On the Closing Date each Seller and the Warehouse shall each sell pursuant to Clauses 2 and 3 (as the case may be) all the Original Mortgages comprised in the Provisional Mortgage Pool (other than those which have been redeemed in full prior to the Closing Date or which do not otherwise comply with the terms of this Agreement as at the Closing Date) together with other Original Mortgages complying with the terms of this Agreement as at the Closing Date.

## 7. COMPLETION

- 7.1 The sales and purchases referred to in Clauses 2 and 3 shall be conditional on:
- (A) the issue by the Issuer of the Notes and the drawing by the Issuer under the Subordinated Loan Agreement of the amounts referred to in clause 2.2 of the Subordinated Loan Agreement on the Closing Date;
  - (B) the Relevant Documents (other than the Transfers and the Scottish Sub-Securities) having been executed and delivered by the parties thereto on or before the Closing Date;
  - (C) the delivery by the Issuer, each Seller and the Warehouse of a solvency certificate dated the date of such purchase in or substantially in the form set out in Schedule 10, signed by an authorised officer of the relevant company; and
  - (D) (1) in the case of the sale and purchase of the Original Mortgages, the delivery of the Warehouse Original Release, and (2) in the case of the sale and purchase of Non-Verified Mortgages, the delivery of a Warehouse Further Release relating to those Non-Verified Mortgages.

Completion of the purchase of the Original Mortgages shall take place on the Closing Date immediately upon satisfaction of conditions (A), (B), (C) and (D)(1) referred to in this Clause 7.1, when the steps listed in Clause 7.2 shall take place, each of which

shall be deemed to take place simultaneously and simultaneously with the satisfaction of conditions (A), (B), (C) and (D)(1) referred to in this Clause 7.1, immediately following which the steps listed in Clauses 7.5, 7.6 and 7.7 shall take place each of which shall be deemed to take place simultaneously and payment shall be made in accordance with Clause 7.8.

7.2 On the Closing Date, the Warehouser shall deliver to PML in the case of the PML Original Mortgages and to MTS in the case of the MTL Original Mortgages:

- (A) the title deeds to the Properties in respect of the Original Mortgages;
- (B) the Original Mortgages;
- (C) its files relating to each of the Original Mortgages; and
- (D) one copy of the Annexure to this Agreement, signed by the parties hereto for the purposes of identification,

and each of the Warehouser and PML and MTS shall deliver the Warehouse Original Release (as appropriate to effect a release of any security interest over the legal and beneficial interests therein).

The items referred to in (A), (B), (C) and (D) above shall be delivered on the Closing Date at the offices of PFPLC in Solihull or the Warehouser shall confirm to PML in the case of the PML Original Mortgages and MTS in the case of the MTL Original Mortgages in an agreed form of letter that following the Closing Date such items will be held by the Warehouser to the order of PML or MTS (as applicable) in the case of the PML Original Mortgages and MTS in the case of the MTL Original Mortgages. PML in the case of the PML Original Mortgages and MTS in the case of the MTL Original Mortgages agree that compliance with this provision shall constitute good delivery of the relevant documents for the purposes of this Clause.

7.3 On each Further Purchase Date, the Warehouser shall deliver to PML in the case of the PML Non-Verified Mortgages and to MTS in the case of the MTL Non-Verified Mortgages:

- (A) the title deeds to the Properties in respect of the relevant Non-Verified Mortgages;
- (B) the Non-Verified Mortgages;
- (C) its files relating to each of the relevant Non-Verified Mortgages; and
- (D) one copy of each of the Non-Verified Mortgage Requests delivered pursuant to Clause 2.2,

and each of the Warehouser and PML and MTS shall deliver a Warehouse Further Release (as appropriate to effect a release of any security interest over the legal and beneficial interests therein).

- 7.4 The items referred to in (A), (B), (C) and (D) in Clause 7.3 above shall be delivered on each further Purchase Date at the offices of PFPLC in Solihull or the Warehouse shall confirm to PML in the case of the PML Non-Verified Mortgages and MTS in the case of the MTL Non-Verified Mortgages in an agreed form of letter that following the Further Purchase Date such items will be held by the Warehouse to the order of PML or MTS (as applicable) in the case of the PML Non-Verified Mortgages and MTS in the case of the MTL Non-Verified Mortgages. PML in the case of the PML Non-Verified Mortgages and MTS in the case of the MTL Non-Verified Mortgages agree that compliance with this provision shall constitute good delivery of the relevant documents for the purposes of this Clause.
- 7.5 On each Purchase Date, subject to the Warehouse having performed its obligations under Clause 7.2 in the case of the Original Mortgages and Clause 7.3 in the case of the Non-Verified Mortgages, as the case may be, PML in the case of the PML Mortgages and MTS in the case of the MTL Mortgages shall procure the payment of the Warehouse Consideration payable to the Warehouse in accordance with Clause 5.1 for value on the relevant Purchase Date.
- 7.6 On each Purchase Date, each Seller shall deliver or procure that there are delivered to the Issuer:
- (A) in the case of the Closing Date only, a duly executed power (in duplicate) in the form of the Power of Attorney;
  - (B) in the case of the Closing Date only, a certified copy of each of the relevant Insurance Contracts set out in Schedule 1 and in the case of a Further Purchase Date, a certificate stating that there has been no material change to the Insurance Contracts set out in Schedule 1 (or if there has been a material change, a certified copy of the relevant Insurance Contract);
  - (C) the documents referred to in Clause 7.2 or Clause 7.3 on the relevant Purchase Date as the case may be;
  - (D) in the case of the Closing Date only, duly executed declarations of trust in favour of the Issuer in the form set out in Part A of Schedule 8, in the case of Scottish Mortgages that are PML Original Mortgages, and in the form set out in Part B of Schedule 8, in the case of Scottish Mortgages that are MTL Original Mortgages with the schedules thereto duly completed detailing all of the Scottish Mortgages sold to the Issuer and the collateral security relative thereto,

and each Seller shall deliver the relevant Warehouse Release (as appropriate to effect a release of any security interest over the legal and beneficial interests therein).

The items referred to in Clauses 7.2 and 7.3, items (A), (B) and (C) (in each case) shall be delivered on the relevant Purchase Date at the offices of PFPLC in Solihull, or the relevant Seller shall confirm to the Issuer and the Trustee in an agreed form of

letter that as of the relevant Purchase Date such items will be held by that Seller to the order of the Trustee. The Issuer agrees that compliance with this provision shall constitute good delivery of the relevant documents to the Issuer for the purposes of this Clause.

- 7.7 In the case of the Closing Date only, the Issuer shall deliver, or procure that there are delivered, to the Administrators, powers of attorney duly executed by the Issuer and the Trustee in accordance with clause 10.1 of the Administration Agreement.
- 7.8 On the relevant Purchase Date, subject to each of the Warehouser and relevant Seller having satisfied and performed their respective obligations herein, the Issuer shall satisfy and discharge the Issuer Initial Consideration payable under Clause 5.2. On each Interest Payment Date after the Closing Date the Issuer shall satisfy and discharge the Deferred Purchase Consideration payable to the relevant Seller under Clause 5.2 in accordance with the applicable priority of payments.
- 7.9 Within ten days after the relevant Purchase Date, the Warehouser will lodge appropriate forms at Companies House (or the Companies Registry in Northern Ireland, if applicable) to register the satisfaction of the security effected by the Warehouse Release insofar as the same affects any Mortgage sold on the relevant Purchase Date.
- 7.10 Each Seller undertakes that it will use all reasonable efforts to obtain, as soon as practicable and in any event within six months after the relevant Purchase Date, details of the title numbers applicable to Properties in England or Wales or Northern Ireland comprising registered land or land which is the subject of an application for first registration, the English Mortgages or the Northern Irish Mortgages relating to which have been sold by it. Six months from the relevant Purchase Date each Seller shall report in writing to the Trustee such title numbers relating to the English Mortgages or Northern Irish Mortgages as are then known to it together with such other information relating thereto as the Trustee may reasonably request. If all such title numbers are not then known to that Seller and the Trustee, that Seller shall, within such period of time thereafter (not being less than two weeks) as the Trustee may specify to the relevant Seller, obtain details of the missing title numbers and report the same in writing to the Trustee. Where any of the Annexures contain details of Mortgages over registered land in England or Wales, the relevant Seller will identify (if so requested to do so by the Chief Land Registrar) the District Registry responsible for the area in which each of the Properties is situated.

## **8. WARRANTIES, REPRESENTATIONS AND UNDERTAKINGS**

- 8.1 Each Seller acknowledges that the warranties and representations given or made by it and set out in this Clause 8 are made with a view to inducing the Issuer and the Trustee to enter into this Agreement and to inducing the Issuer to purchase Mortgages pursuant to this Agreement and that the Issuer and the Trustee have entered into this Agreement in reliance thereon and have relied and will rely upon such warranties and



representations notwithstanding any information in fact possessed or discoverable by the Issuer or the Trustee or otherwise disclosed to either of them.

8.2 Each Seller severally warrants and represents to each of the Issuer and the Trustee in the following terms as at each Purchase Date with respect to the Mortgages to be purchased from it by the Issuer on such Purchase Date by reference to the facts and circumstances existing immediately prior to the completion of the purchase of the relevant Mortgages by the Issuer in accordance with Clause 3:

- (A) the particulars of each Mortgage set out in the Annexures to this Agreement or, as the case may be, the Scottish Mortgages Schedule are complete, true and accurate in all material respects;
- (B) subject to the completion of any registration or recording of the Mortgage which may be pending at the Relevant Registry, each English and Northern Irish Mortgage is legally owned by the relevant Originator and, in the case of Scottish Mortgages, the relevant Originator is the heritable creditor in respect of each Scottish Mortgage originated by it;
- (C) the relevant Seller is the beneficial owner of each Mortgage;
- (D) each Loan constitutes a valid and binding obligation of the Borrower;
- (E) subject to the completion of any registration or recording of the Mortgage which may be pending at the Relevant Registry, each Mortgage constitutes a valid and subsisting legal mortgage or (in relation to the Scottish Mortgages) Standard Security or (in relation to the Northern Irish Mortgages) fixed charge or mortgage over the relevant Property which is either:
  - (i) a first legal mortgage or Standard Security or fixed charge or mortgage in respect of all monies outstanding under the related Loan; or
  - (ii) a second or subsequent legal mortgage or Standard Security or fixed charge or mortgage over which no mortgage or Standard Security or fixed charge or mortgage which is not a Mortgage has priority in respect of all monies outstanding under the related Loan;
- (F) the Mortgages and the other estates and interests sold by the relevant Seller under this Agreement are free and clear of all mortgages, securities, charges, liens, encumbrances, diligences, claims and equities but subject:
  - (i) to the terms of this Agreement; and
  - (ii) in the case of the Mortgages registration or recording of which is pending at the Land Registry or Registers of Scotland or the Land Registry of Northern Ireland or the Registry of Deeds, Belfast, to the completion of such registration or recording;

- (G) each Mortgage is secured on a freehold, heritable or leasehold residential, or mixed commercial/residential property which is situated in England or Wales or in Scotland or Northern Ireland;
- (H) all steps necessary with a view to perfecting the relevant Originator's legal title to each Mortgage were duly taken at the appropriate time or are in the process of being taken without undue delay on its part or on the part of those within its control;
- (I) no lien or right of set-off (or analogous right) or counterclaim or compensation has been created or arisen or now exists between a Mortgagee and any Borrower which would entitle such Borrower to reduce the amount of any payment otherwise due under a Mortgage;
- (J) prior to making the initial advance to a Borrower:
  - (i) the relevant Originator received from solicitors or licensed or qualified conveyancers acting for it a report on title or certificate of title to the relevant Property (the benefit of which is available to the owner for the time being of the relevant Mortgage) which either initially or after further investigation disclosed nothing which would cause a reasonably prudent lender to decline to proceed with the initial advance on the proposed terms; or
  - (ii) where the mortgage loan made in relation to a Property is secured by a Mortgage which was made without there being a contemporaneous purchase of such Property by the Borrower, the relevant Originator carried out such written searches and investigations of title to the Property which a reasonably prudent mortgage lender would carry out in relation to the remortgaging of a property, which searches and investigations either initially or on further investigation disclosed nothing which would cause a reasonably prudent mortgage lender to decline to proceed with the initial advance on the proposed terms;
- (K) prior to making a Loan, a valuation was undertaken on behalf of the relevant Originator by a valuer approved by that Originator (being a fellow or associate of the Royal Institution of Chartered Surveyors or the Incorporated Society of Valuers and Auctioneers) which either initially or after further investigation disclosed nothing which would cause a reasonably prudent mortgage lender to decline to proceed with taking the mortgage or charge on the proposed terms;
- (L) subject to registration or recording at the Land Registry or Registers of Scotland or the Land Registry of Northern Ireland or the Registry of Deeds, Belfast where required, at the date of the Mortgage each Property was held by the Borrower free from any encumbrance which would materially adversely affect either the title to the Property or the value of the Property for security purposes set out in any valuation report carried out for the relevant Originator;

- (M) in the case of English Mortgages, if the Property is not registered at the Land Registry and is not required to be registered, the relevant Borrower has a good and marketable title to the fee simple absolute in possession or a term of years absolute in the relevant Property or, if the Property is registered or is unregistered but is subject to first registration at the Land Registry, it has been registered or is in the course of registration with title absolute, in the case of freehold property, or absolute or good leasehold title, in the case of leasehold property and, in the case of Scottish Mortgages, subject to completion of any pending registration or recording, the relevant Borrower has a valid and marketable heritable or long leasehold title to the relevant Property and without exclusion of indemnity in the case of titles registered in the Land Register of Scotland, and, in the case of Northern Irish Mortgages, the Borrower has in the Property a good and marketable title, and if the Property is not registered and is not required to be registered, it is comprised in either a fee simple absolute (if freehold) or a term of years (if leasehold) of not less than 30 years beyond the term of the Mortgage relating to such Property and is free from any encumbrance which would affect such title, and if the Property is registered (or is unregistered but is subject to first registration at the Land Registry of Northern Ireland), it has been registered with title absolute (if freehold) or good leasehold estate title of the requisite term (if leasehold) or is in the process of being so registered;
- (N) prior to making each initial advance or Discretionary Further Advance, the Lending Guidelines were satisfied so far as applicable (having regard to any further advance which could fall to be made) subject to such waivers as might be within the discretion of a reasonably prudent lender;
- (O) each advance has been made in all material respects on the terms of the Mortgage Documentation current at the date of the advance and such documents have not been subsequently varied in any material respect;
- (P) the relevant Borrower's consent is not required for the transfer or assignation of any Mortgage;
- (Q) interest is charged on each Mortgage at such rate as may be from time to time determined in accordance with the provisions of the Mortgage Conditions;
- (R) as at the relevant Purchase Date, the maximum aggregate principal amount of all Arrears Mortgages which may be purchased by the Issuer is £10,000,000;
- (S) other than in the case of an Arrears Mortgage or Mortgage on a Property where the Borrower has been written to in respect of an unauthorised letting, there are no outstanding claims in respect of any material breaches of the terms of any Mortgage;
- (T) the relevant Originator took (or instructed its solicitors to take) on or prior to the date of completion of each Mortgage all reasonable steps to ensure that

any Property which was not insured under the Block Buildings Policies maintained by it was insured under a policy with an insurance company against all risks usually covered by a comprehensive insurance policy to an amount not less than the full reinstatement value determined by the valuer acting for it and that it was either a named insured or its interest was noted by the insurers;

- (U) no Mortgage is or will be repayable later than 30 November 2037;
- (V) since the registration of each Mortgage in the name of the relevant Seller, full and proper accounts, correspondence files, books and records showing all transactions, payments, receipts, proceedings and notices relating to that Mortgage have been kept and all such accounts, books and records are up to date and in the possession of the Mortgagees or held to their order;
- (W) no Mortgagee has received written notice of any claim calling into question in any material way its title to any Mortgage;
- (X) all the title deeds to the Properties and the Mortgages are held by or to the order of the Mortgagees or have been lodged by the Mortgagees at the Relevant Registry;
- (Y) in the case of Individual Mortgages only, no Borrower is a current employee of a Mortgagee and each Borrower of an Individual Mortgage purchased pursuant to this Agreement is an individual;
- (Z) other than in the case of any Arrears Mortgage or any Mortgage on a Property where the Borrower has been written to in respect of an unauthorised letting, no Mortgagee has knowingly waived or acquiesced in any breach of any of its rights under or in relation to a Mortgage other than such waivers as a reasonably prudent lender might make in accordance with the guidance set out in the Administration Manual;
- (AA) no agreement for any Individual Mortgage is unenforceable in whole or in part as a result of any non-compliance with the Consumer Credit Act 1974;
- (BB) for so long as there is a breach of the applicable Mortgage Conditions no Mortgage will require the making of any Mandatory Further Advance;
- (CC) in relation to any Loan where the obligations of the Borrower are guaranteed by a guarantor, each guarantee or surety obligation in respect of such Loan constitutes a valid and binding obligation of such guarantor and the benefit of such guarantee may be assigned to the Issuer and charged by the Issuer to the Trustee;
- (DD) there is no obligation on the part of the Mortgagee of a Mortgage to make any further advances except in accordance with the relevant Mortgage Conditions;

- (EE) the first payment due in respect of each Mortgage has fallen due and has been received in full;
- (FF) the Insurance Contracts as set out in Schedule 1 will apply to each of the Mortgages and to the extent that they apply to such Mortgages the Issuer will have the benefit of each such Insurance Contract and, as between the assignor and the assignee, any assignment or transfer of the rights and benefits under each such Insurance Contract by the Issuer to the Trustee will be valid and binding without notification to, or request for consent from, the relevant insurer;
- (GG) so far as each Originator is aware, no term of any Individual Mortgage to which the Unfair Terms in Consumer Contract Regulations 1994 or 1999 apply is an unfair term for the purposes of such regulations;
- (HH) in the case of each Corporate Mortgage, the prescribed particulars of the Corporate Mortgage and any floating charge together with the instrument by which they were created were delivered to the Registrar of Companies for registration within 21 days after their creation in accordance with section 395 (or, as applicable, section 410) of the Companies Act 1985 and a certificate of registration has been received in respect of such registration;
- (II) in the case of Corporate Mortgages only, each Borrower is a private company incorporated with limited liability in England and Wales or Northern Ireland or Scotland or the Isle of Man or the Channel Islands or Gibraltar;
- (JJ) in the case of Corporate Mortgages only, no Mortgagee has received written notice of any steps having been taken for the liquidation or winding-up of, or the making of an administration order in relation to, any Borrower or of any steps having been taken to enforce any security over the assets of any Borrower; and
- (KK) in the case of Corporate Mortgages only, a search was conducted at Companies House in relation to the Borrower, (or at the Companies Registry in Northern Ireland where the Borrower is a Northern Ireland company) which revealed that no notices of appointment of a liquidator, administrator, administrative receiver or receiver had been filed and that no resolution had been passed to wind up the Borrower.

*provided always* that:

- (a) none of the above representations or warranties is (or shall be treated or deemed to be) in respect of the future credit-worthiness of any Borrower;
- (b) without prejudice to Clause 8.2(GG), each Seller does not, and nothing herein shall be taken to imply that each Seller does, expressly or impliedly represent or warrant that as at the relevant Purchase Date no

term of any Mortgage is incapable of being found by a court of competent jurisdiction or considered by the Office of Fair Trading to be an unfair term for the purposes of the Unfair Terms in Consumer Contracts Regulations 1994 or 1999 or that any pre-payment charge relating to a redemption of a Mortgage is enforceable; and

- (c) notwithstanding anything to the contrary in any of the Relevant Documents the representations and warranties given in this Clause 8.2 shall only be given, in relation to the sale and purchase of the Original Mortgages, on the Closing Date or, in relation to the sale and purchase of the Non-Verified Mortgages, on the Further Purchase Date in respect thereof, by reference to the facts and circumstances existing immediately prior to the completion of such purchase by the Issuer on such date and shall not be, or be deemed to be, given or repeated at any other time whatsoever.

- 8.3 Each Seller warrants and represents to the Issuer and the Trustee that as at the date hereof the Prospectus contains all information with regard to it and its business, the Mortgages, the Properties, the Lending Guidelines, and the Insurance Contracts which is material in the context of the issue of the Notes and that such information is true and accurate in all material respects and is not misleading in any material respect, that the opinions and intentions expressed therein relating to it and its business, the Mortgages, the Properties, the Lending Guidelines, and the Insurance Contracts are honestly held, that there are no other facts the omission of which would make any of such information or the expression of any such opinions or intentions misleading in any material respect and that each Seller has made all reasonable enquiries to ascertain all facts material for the purposes aforesaid.
- 8.4 Each Seller confirms, for the avoidance of doubt, that if, after the relevant Purchase Date, any Mortgage in respect of which it has given warranties pursuant to Clause 8.2 is converted into any other type of Mortgage in accordance with the Administration Agreement, such conversion shall not by itself affect the warranties already given as aforesaid but such warranties shall not be, or be deemed to be, given or repeated at the time of such conversion and the accuracy (or otherwise) of such warranties shall only be measured by reference to the facts and circumstances existing at the date on which such warranties were given. This confirmation is only given in respect of the Mortgages (if any) converted as aforesaid and not in respect of any other Mortgage (unless such other Mortgage is also so converted, in which case the said confirmation shall apply to such other Mortgage in the same terms as the preceding sentence, *mutatis mutandis*).
- 8.5 Each Mortgagee severally undertakes in respect of each Mortgage sold by it that it will proceed with all due diligence to do and complete all such acts and things, and to execute any necessary deeds and documents, as may be requested by the Issuer and/or the Trustee to perfect the title of the Issuer to the relevant Mortgage and the other

benefits and rights agreed to be sold hereunder, subject to clause 4.4 of the Administration Agreement.

8.6 In the event that:

- (A) there is as at the relevant Purchase Date a material breach of any of the representations and warranties of a Seller contained in Clause 8.2 (other than sub-clause (GG) thereof to which the provisions of Clause 14(D) will apply) in respect of or concerning any Mortgage which (being capable of being remedied) the relevant Seller shall fail to remedy within 28 days (or such longer period not exceeding 35 days as the Issuer and the Trustee may agree) of receipt of written notice of such breach from the Issuer or the Trustee, or which is not capable of being remedied;
- (B) had the references in the representations and warranties given by the Seller as at the relevant Purchase Date in Clause 8.2(Y) and Clause 8.2(Z) to "Mortgagee" or "Mortgagees" been references instead to PFPLC or MTS in their capacity as Administrator (*mutatis mutandis*), there would have been as at the relevant Purchase Date a material breach ("deemed breach") of such representations and warranties as at the relevant Purchase Date in respect of or concerning any Mortgage and either the relevant Seller shall have failed to remedy such deemed breach (if capable of being remedied) within 28 days (or such longer period not exceeding 35 days as the Issuer and the Trustee may agree) of receipt of written notice of such deemed breach from the Issuer or the Trustee or such deemed breach shall not be capable of being remedied;
- (C) a term of any Individual Mortgage is at any time on or after the Closing Date found by a competent court whether on the application of a Borrower, the Office of Fair Trading or otherwise to be an unfair term for the purposes of the Unfair Terms in Consumer Contracts Regulations 1994 or 1999; or
- (D) any pre-payment charge relating to a redemption of a Mortgage is at any time on or after the Closing Date found by a competent court whether on the application of a Borrower or otherwise to be unenforceable against the Borrower upon redemption of such Mortgage and the relevant Seller does not, by not later than 7 days after the expiry of the 28 days (or other longer) notice period referred to in Clause 8.8, pay an amount equal to such pre-payment charge to the Issuer for application in accordance with clause 6.4.2 of the Administration Agreement as if such amount were a Waived Prepayment Charge Amount,

the Issuer shall sell and the relevant Seller shall repurchase or procure the repurchase of the Mortgage concerned (whether or not such Mortgage in fact exists or is valid and binding and/or enforceable) (the "**Relevant Mortgage**" which expression shall, where the context so admits, include any other Mortgage secured upon the Property) together with (if applicable) the benefit of the Insurance Contracts to the extent they relate to the Relevant Mortgage and if applicable the benefit of any Cap Agreement

(and any Cap Guarantee) and any Basis Hedge Agreement to the extent that it relates thereto.

- 8.7 If at any time a Seller is obliged to repurchase, or procure the repurchase of, a Mortgage pursuant to Clause 8.6 and such Mortgage is in respect of a Property which is also subject to a second mortgage, charge or Standard Security which also constitutes a Mortgage (the "**Relevant Second Mortgage**"), then, that Seller will also at the same time be obliged to repurchase or procure the repurchase of, the Relevant Second Mortgage as though there had also been a breach of warranty in respect of the Relevant Second Mortgage (whether or not there has in fact been a breach of warranty in respect of the Relevant Second Mortgage). In such circumstances, references in this Clause 7 to the Relevant Mortgage shall be read and construed as references to both the Relevant Mortgage (as defined above) and the Relevant Second Mortgage.
- 8.8 Completion of any repurchase pursuant to Clause 8.6 shall take place not later than 10 days after the expiry of such 28 day (or other longer) notice period as is referred to in sub-clauses (A), (B) or (D) of Clause 8.6 or, if the relevant breach referred to in sub-clause (A) of Clause 8.6 is not capable of remedy or if the repurchase is a result of the circumstance in sub-clause (C) of Clause 8.6, after receipt by the relevant Seller of written notice of such breach or circumstance from the Issuer or the Trustee, when that Seller shall pay into the Transaction Account or as the Trustee shall direct an amount equal to the aggregate of the outstanding principal amount of the Relevant Mortgage as at the date of the repurchase of the Relevant Mortgage together with interest accrued from the relevant Purchase Date (but which has not been paid) and costs up to (but excluding) the date of completion of the repurchase of the Relevant Mortgage.
- 8.9 Against payment and/or, as the case may be, transfer on completion of any repurchase pursuant to Clause 8.6, the Issuer and the Trustee shall at the expense of the relevant Seller complete such documentation as is necessary to perfect a release of their respective interests in the Relevant Mortgage and its collateral security (including the benefit of the Insurance Contracts) to the extent they relate to the Relevant Mortgage and, if applicable, such Cap Agreement (and any Cap Guarantee) or such Basis Hedge Agreement to the extent that it relates to the Relevant Mortgage. The Issuer and the Trustee hereby confirm that the powers of attorney set out in Schedules 5 and 6 of the Administration Agreement, as applicable, (once executed) shall subsist to the extent applicable in relation to Relevant Mortgages and (if applicable) the benefit of a Cap Agreement (and any Cap Guarantee) or a Basis Hedge Agreement which the relevant Seller has repurchased notwithstanding the termination of PFPLC's and/or MTS's appointment as Administrator under that agreement and the Trustee shall in addition to the said power of attorney give such further or other authority as may be reasonably requested by that Seller for the purpose of releasing its interest in the Relevant Mortgage and (if applicable) the benefit of a Cap Agreement and Cap Guarantee or a Basis Hedge Agreement which that Seller has repurchased. Any such repurchase by the relevant Seller or any person which that Seller shall nominate shall constitute a full discharge and release from any claims which the Issuer or the Trustee may have



against it arising from any breach of representation or warranty in relation to the Relevant Mortgage only and shall not affect any rights arising from a breach of representation or warranty in relation to any other Mortgage.

8.10 Each Seller and each Originator hereby undertakes severally with the Issuer and the Trustee:

- (A) if and for so long as it has an interest in a Mortgage (not being a Mortgage that has been repurchased pursuant to Clause 8.6) by virtue of its remaining the legal or beneficial owner or heritable creditor of such Mortgage, it shall not sell, transfer, charge, dispose of or otherwise deal with such interest save in the event of redemption in full by the relevant Borrower and it shall not consent to the creation of any mortgage, Standard Security, charge or other security interest in or over the relevant Property without using its reasonable endeavours to ensure that such mortgage, Standard Security, charge or other security interest and all sums secured thereby will rank after such Mortgage in point of priority;
- (B) that, in respect of any Mandatory Further Advance or any Discretionary Further Advance other than of the kind referred to in clause 8.2.3 of the Administration Agreement to be made after the date hereof, it shall not waive the Lending Guidelines other than in respect of any waiver which may have been made by a reasonably prudent mortgage lender;
- (C) promptly to notify them if it receives after the date hereof written notice of any litigation or claim calling into question in any material way the title to any such Mortgage or if it becomes aware of any material breach of any of its representations, warranties, undertakings and other obligations under this Agreement;
- (D) if reasonably required so to do by the Issuer or the Trustee, to participate or join in and to procure that any other Mortgagee participates and joins in any legal proceedings to the extent necessary in defending or contesting any litigation calling into question in any material way the title to any such Mortgage or in any legal proceedings against the Borrower or in relation to the enforcement of any Mortgage;
- (E) if reasonably required so to do by the Issuer or the Trustee, to pursue all claims against the Land Registry under the Land Registration Act 2002 or against Registers of Scotland under the Land Registration (Scotland) Act 1979 or against the Land Registry of Northern Ireland under the Land Registration Act (Northern Ireland) 1970 with respect to any such Mortgage and to account promptly to the Issuer for any amounts recovered by it pursuant to any such claim; and
- (F) to maintain its registered office in England and Wales.

9. **RE-ASSIGNMENT OF RIGHTS OF THE ISSUER**

If a Seller makes any full payment (not involving a repurchase under Clause 8.6) to the Issuer pursuant to any claim made in relation to any representation, warranty or undertaking set out in Clause 8, the Issuer and the Trustee shall at the expense of that Seller re-assign or retrocess to it all such rights as it may reasonably request against any third party which may enable it to recover all or part of any such payment. If a Seller pays to the Issuer or the Trustee an amount in respect of any claim under this Agreement and the Issuer or the Trustee subsequently recovers from a third party any sum in respect of the liability for such claim, the Issuer and the Trustee shall forthwith repay to it so much of the amount paid by it as does not exceed the sum recovered from the third party less all reasonable costs, charges and expenses incurred by the Issuer or the Trustee in recovering that sum from the third party.

10. **MERGER**

Any term of this Agreement to which effect is not given on a Purchase Date (including in particular the liability of each Seller under the representations, warranties and undertakings contained in Clause 8) shall not merge and shall remain in full force and effect notwithstanding the completion and delivery of the Transfers.

11. **NO AGENCY OR PARTNERSHIP**

Nothing in this Agreement shall be construed as giving rise to any relationship of agency or partnership between any of the parties and in fulfilling its obligations hereunder, each party shall be acting entirely for its own account.

12. **PAYMENTS**

All payments to be made pursuant to this Agreement shall be made in sterling in immediately available funds and shall be deemed to be made when they are received by the payee.

13. **TAXATION**

All payments made by the Issuer under this Agreement shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature unless such withholding or deduction is required by applicable law. In that event the Issuer shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. The Issuer will not be obliged to make any additional payments to any Seller or any assignee under Clause 18 of this Agreement.

14. **LIABILITY**

The Issuer and the Trustee severally acknowledge to each Seller and agree that:

- (A) no breach of any of the representations and warranties in, nor any act or omission in respect of, the provisions of Clause 8.2 shall give rise to any

claim for damages on the part of the Issuer or the Trustee against the relevant Seller or any remedy whatsoever against any Mortgagee and the sole remedy of each of the Issuer and the Trustee in respect thereof (with the exception of the representation and warranty in Clause 8.2(GG) to which the provisions of sub-clause (D) below will apply) shall be to take such action under Clause 8.6 as may be available to it and that no breach of, nor any act or omission in respect of, any warranty or representation other than those representations and warranties contained in Clause 8.2 (but not sub-clause (GG) thereof) shall entitle the Issuer or the Trustee to require that Seller to repurchase any Mortgage in accordance with Clause 8.6 or otherwise *provided* that this sub-clause (A) shall not limit the remedies available to the Issuer and/or the Trustee (or the exercise thereof) against that Seller if it, having become bound to repurchase a Mortgage in accordance with Clause 8.6, fails to do so;

- (B) subject and without prejudice to sub-clause (A), no Mortgagee shall have any liability or responsibility (whether, in either case, contractual, tortious or delictual, express or implied) for any loss or damage for or in respect of any breach of, or any act or omission in respect of, any of the obligations on the part of the Borrower under any Mortgage suffered by the Issuer or the Trustee by reason of such breach, act or omission;
- (C) if, after the Closing Date, the terms of any Mortgage are varied or waived in any way with the consent of the Issuer and the Trustee (which shall include but not be limited to any rescheduling of the amounts secured by such Mortgage or renegotiation of such terms), the Issuer and the Trustee shall be subject to, and bound by, such variation or waiver and the relevant Seller shall not have any obligation therefor or be in any way affected thereby; and
- (D) except in the case of fraud, no breach of the representation and warranty in, nor any act or omission in respect of, the provisions of Clause 8.2(GG) shall give rise to any claim for damages on the part of the Issuer or the Trustee or any other person against the relevant Seller or any right of action or remedy whatsoever against any Mortgagee and no breach of, nor any act or omission in respect of, the representation and warranty in Clause 8.2(GG) shall entitle the Issuer or the Trustee or any other person to require that Seller to repurchase any Mortgage in accordance with Clause 8.6 or otherwise to any remedy against any Mortgagee or any other person but this Clause 14(D) is without prejudice to any obligation each Seller may have to repurchase any Individual Mortgage under Clause 8.6(C).

15. **FURTHER ASSURANCE**

The parties hereto agree that they will co-operate fully to do all such further acts and things and execute any further documents as may be necessary or desirable to give full effect to the arrangements contemplated by this Agreement.

16. **WAIVER**

Any exercise or failure to exercise any right under this Agreement shall not (unless otherwise herein provided) constitute a waiver of that or any other right.

17. **NOTICES**

Any notices to be given pursuant to this Agreement shall be sufficiently served if delivered by hand or sent by prepaid first-class post or by telex or facsimile or email transmission and shall be deemed to be given upon receipt and shall be delivered or sent:

(A) in the case of a party to this Agreement other than the Trustee to St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (facsimile number: 0121 712 2072, email address: Company\_Secretary@Paragon-group.co.uk) marked for the attention of: The Company Secretary;

(B) in the case of the Trustee, to the address appearing at the beginning of this Agreement (facsimile number: 020 7500 5248 marked for the attention of: Agency & Trust);

or to such other addresses or facsimile number or email address or marked for the attention of such other person or department as may from time to time be notified by any party to the other parties by written notice in accordance with the provisions of this Clause.

18. **ASSIGNMENT**

18.1 The Issuer may assign or charge to the Trustee the benefit of and full right to enforce all its rights under or granted pursuant to this Agreement by way of or pursuant to the Deed of Charge only and not to any other person or in any other manner.

18.2 Neither a Mortgagee nor the Trustee may assign or charge its rights and obligations under this Agreement or any that may be assigned or charged to it, except that the Trustee may assign its rights under this Agreement to a successor trustee appointed under the Trust Deed.

19. **TRUSTEE**

19.1 If there is any change in the identity of the Trustee in accordance with the Trust Deed, each Mortgagee and the Issuer shall execute such documents and take such action as the new Trustee and the outgoing Trustee may require for the purpose of vesting in the new Trustee the rights, powers and obligations of the outgoing Trustee, and releasing the outgoing Trustee from its future obligations, under this Agreement.

19.2 It is hereby acknowledged and agreed that by its execution of this Agreement the Trustee shall not assume or have any of the obligations or liabilities of any Mortgagee or the Issuer hereunder.

20. **VARIATIONS**

This Agreement may be varied in writing signed by duly authorised signatories on behalf of the parties hereto.

21. **EXCLUSION OF THIRD PARTY RIGHTS**

The parties to this Agreement do not intend that any term of this Agreement should be enforced, by virtue of the Contracts (Rights of Third Parties) Act 1999, by any person who is not a party to this Agreement.

22. **GOVERNING LAW**

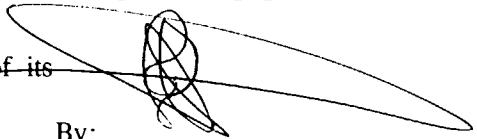
This Agreement is governed by, and shall be construed in accordance with, the laws of England, other than any terms hereof particular to Scots law, which shall be construed in accordance with the laws of Scotland, or any terms hereof particular to Northern Irish law, which shall be construed in accordance with the laws of Northern Ireland.

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

**Executed by:**  
**as its deed as follows:**

**Paragon Mortgages Limited**

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



By:  
Name:  
Title:

Signature:



Witness

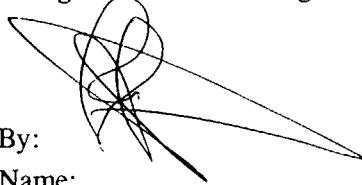
Name: S. RAMOUMAK  
Occupation: TRAINEE LAWYER  
Address:

**CLIFFORD CHANCE LLP**  
**10 Upper Bank Street**  
**London E14 5JJ**

Executed by:  
as its deed as follows:

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

**Paragon Second Funding Limited**



By:  
Name:  
Title:

Signature:

 Witness

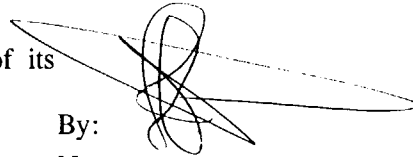
Name: S. RAMMOUTAK  
Occupation: TRAINEE LAWYER  
Address:

**CLIFFORD CHANCE LLP**  
10 Upper Bank Street  
London E14 5JJ

as its deed as follows:


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

**Mortgage Trust Limited**



By:  
Name:  
Title:

Signature:

 Witness

Name: S. RAMMOUTAK  
Occupation: TRAINEE LAWYER  
Address:

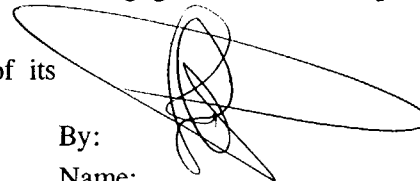
**CLIFFORD CHANCE LLP**  
10 Upper Bank Street  
London E14 5JJ

Executed by:

as its deed as follows:


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

**Mortgage Trust Services plc**



By:  
Name:  
Title:

Signature:

 Witness

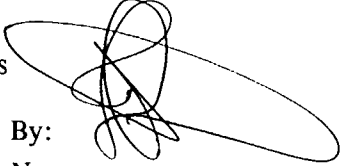
Name: S. RAMMOUTAK  
Occupation: TRAINEE LAWYER  
Address:

**CLIFFORD CHANCE LLP**  
10 Upper Bank Street  
London E14 5JJ

**Executed by:**  
**as its deed as follows:**


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

**Paragon Finance PLC**



By:  
Name:  
Title:

Signature:

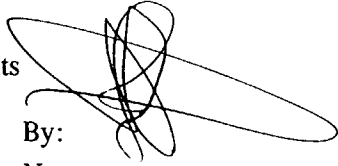
 Witness

Name: *S. KAMOUTAR*  
Occupation: *TRAINEE LAWYER*  
Address: **CLIFFORD CHANCE LLP**  
**10 Upper Bank Street**  
**London E14 5JJ**

**Executed by:**  
**as its deed as follows:**

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

**Paragon Mortgages (No.15) PLC**



By:  
Name:  
Title:

Signature:

 Witness

Name: *S. KAMOUTAR*  
Occupation: *TRAINEE LAWYER*  
Address: **CLIFFORD CHANCE LLP**  
**10 Upper Bank Street**  
**London E14 5JJ**

**Executed by:**  
**as its deed as follows:**

Signed for and on its behalf by one of its directors and by another of its directors/its secretary

**Citicorp Trustee Company Limited**

By:

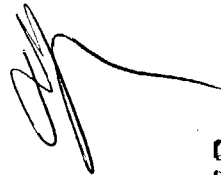
Name:  
Title:



**Viola Japaul**  
**Director**

By:

Name:  
Title:



**David Mares**  
**Director**



**SCHEDULE 1**  
**INSURANCE CONTRACTS**

1. In respect of the Individual Mortgages and the Corporate Mortgages:
  - (A) The Fidelity Insurance Policy to the extent of any loss to the Issuer arising in connection with the performance by or on behalf of the relevant Administrator of the services to be provided pursuant to the Administration Agreement.
  - (B) The Mortgage Impairment Insurance for Financial Institutions Policy to the extent it relates to the Mortgages.
  - (C) The Block Buildings Policies to the extent that such policies relate to the Properties.
  - (D) Those buildings insurance policies on the Properties (not being any of the Block Buildings Policies) where a Mortgagee or one or more of them as the case may be is a named insured or where a Mortgagee's interest is noted.

**SCHEDULE 2**  
**MORTGAGE DOCUMENTATION**

**Part A- Documentation relating to Individual Mortgages****Libor Linked**

<b><u>Mortgage Description</u></b>	<b><u>Product type</u></b>	<b><u>OA Type</u></b>
LIBOR Letting + 1.75% 1yr(052)	LIB	OA24450
LIBOR Prof Let + 1.5%	LIB	OA00850
Let LIBOR + 1.25% 2yrs (723)	LIB	OA25100
Letting LIBOR + 0.75% 1yr(050)	LIB	OA24400
Letting LIBOR + 1%	LIB	OA50000
Letting LIBOR + 1.35%	LIB	OA00810
Letting LIBOR + 2% 2yrs (723)	LIB	OA24500
Letting LIBOR + 2.35%	LIB	OA00820
Letting LIBOR + 3% 2yrs (719)	LIB	OA24550
Letting Libor + 1.15%	LIB	OA50100
Lettings LIBOR + 1.4%	LIB	OA25200
Lettings LIBOR + 2.4%	LIB	OA25270
Lettings LIBOR + 2.5%	LIB	OA00870
Lettings LIBOR + 1.5%	LIB	OA25400
2 Year Discounted LIBOR + 0.7%	LIB	OA51800

**Variable**

<b><u>Mortgage Description</u></b>	<b><u>Product type</u></b>	<b><u>OA Type</u></b>
LVR + 2% (let)	VAR	OA25390
Letting standard variable + 1%	VAR	OA00180
Lettings Standard Variable	VAR	OA00160
Standard Variable	VAR	OA00100
Standard Variable + 1% (let)	VAR	OA00150

**Fixed Rate**

<b><u>Mortgage Description</u></b>	<b><u>Product type</u></b>	<b><u>OA Type</u></b>
Fixed 1 year letting at 5.250% (649)	FIX	OA27200
Fixed 1 year letting at 6.250% (650)	FIX	OA27850
Fixed 1 year letting at 4.990% (720)	FIX	OA27100
Fixed 10 Year Letting at 7.490% (649)	FIX	OA24600
Fixed 2 Yr Letting at 6.950% (723)	FIX	OA25500
Fixed 2 Yr Letting at 5.650% (724)	FIX	OA27500
Fixed 2 year letting at 5.750% (649)	FIX	OA27400
Fixed 2 year letting at 6.750% (719)	FIX	OA27450

<u>Mortgage Description</u>	<u>Product type</u>	<u>OA Type</u>
Fixed 3yrs Letting at 6.950% (650)	FIX	OA25800
Fixed 5 year letting at 5.950% (649)	FIX	OA28900
Fixed 5yrs HighEq.Letting at 6.750% (698)	FIX	OA26600
Fixed 5yrs Letting at 7.950% (647)	FIX	OA27390
Fixed Letting 1 year at 5.350% (649)	FIX	OA27700
Fixed Letting 1 year at 6.350% (650)	FIX	OA27750
Fixed Letting 3 years at 6.850% (649)	FIX	OA27900
Fixed Letting 3yrs at 6.450% (649)	FIX	OA28300
Fixed Lettings 1Yr at 6.250% (340)	FIX	OA27250
Fixed Lettings 2yrs at 6.250% (649)	FIX	OA26700
Fixed Lettings 2yrs at 6.450% (650)	FIX	OA26400
Lettings 2 Year Fixed at 5.990% (649)	FIX	OA28100
1 year fixed rate at 5.35%	FIX	OA277.00
3 year fixed rate at 6.25% to 31/03/07	FIX	OA298.50
5 year fixed rate at 6.39% to 31/03/09	FIX	OA299.00
3 year fixed rate at 5.95% to 30/06/07	FIX	OA301.00
5 year fixed rate at 5.99% to 30/06/09	FIX	OA303.00
3 year fixed rate at 6.89% to 30/09/07	FIX	OA30600
5 year fixed rate at 6.89% to 30/09/09	FIX	OA30700
1 year fixed rate at 5.99% to 31/12/05	FIX	OA30800
2 year fixed rate at 5.45% to 31/05/07	FIX	OA32100
3 year fixed rate at 5.7% to 31/07/08	FIX	OA32600
1 year fixed rate at 5.6% to 30/04/06	FIX	OA31900
3 year fixed rate at 5.99% to 30/04/08	FIX	OA32000
2 year fixed rate at 5.25% to 31/12/07	FIX	OA33700
3 year fixed rate at 5.35% to 31/12/08	FIX	OA33800
5 year fixed rate at 5.25% to 31/10/10	FIX	OA33400
3 year fixed rate at 5.00% to 31/03/09	FIX	OA35100
2 year fixed rate at 5.35% to 30/04/08	FIX	OA35300
1 year fixed rate at 3.95% to 30/06/07	FIX	OA35600
3 year fixed rate at 5.23% to 31/07/09	FIX	OA35900
2 year fixed rate at 5.25% to 30/09/08	FIX	OA36400
3 year fixed rate at 5.3% to 31/08/09	FIX	OA36100
2 year fixed rate at 5.75% to 31/05/09	FIX	OA37900
3 year fixed rate at 5.99% to 31/05/10	FIX	OA37800
2 year fixed rate at 5.58% to 31/03/09	FIX	OA37400
3 year fixed rate at 5.69% to 31/03/10	FIX	OA37500
2 year fixed rate at 5.58% to 31/12/08	FIX	OA36900
3 year fixed rate at 5.69% to 31/12/09	FIX	OA36800
2 year fixed rate at 5.25% to 31/05/09	FIX	OA38000
3 year fixed rate at 5.68% to 31/05/10	FIX	OA38200
5 year fixed rate at 5.99% to 31/05/12	FIX	OA38100

**Base Rate Loans**

Discounted Base Rate Tracker + 0.95%	BRL	OA50500
Discounted Base Rate Tracker + 0.89%	BRL	OA50600
Discounted Base Rate Tracker + 0.63%	BRL	OA50700
Discounted Base Rate Tracker + 0.64%	BRL	OA50800
Base Rate Tracker + 0.90%	BRL	OA50900
Base Rate Tracker + 0.95%	BRL	OA51000
Base Rate Tracker + 1.15%	BRL	OA51100
Base Rate Tracker + 0.95%	BRL	OA51200
2 year Discount	BRL	OA37200
3 year Discount	BRL	OA37100
5 year Discount	BRL	OA37000
2 year Discount	BRL	OA34750

Outside Insurers Undertaking DL/500/1/03.97  
Leasehold Properties Insurance Declaration DL/427/1/03.97

Report on Title  
Security Assessment and Valuation Form  
Procedures and Guidelines for Panel Surveyors  
Offer of Loan  
Completion Statement  
Procedures and Guidelines for Panel Surveyors DL 455/1/7.98  
Offer of Loan dated 24th February 2003  
Report on Title  
Security Assessment and Valuation Form

Procedures and Guidelines for Panel Surveyors  
containing various Valuation Forms

Further Advance Application Form (PML/090/10/04) 990

**Individual Lettings Application Pack**

Application Form PML560/10/2002  
General & Special Conditions PML404/3/2002  
Mortgage Conditions PML420/06/01  
Paragon Plus Brochure  
Payment Protection Brochure (if applicable)  
General Service Tariff PML544/04/2003

**Instructions to Legal Advisers for Individual Lettings Applicants Pack**

The CML Lender's Handbook for Solicitors and Licensed Conveyancers England and Wales (2002) Second Edition.

Instructions to Solicitors	FP/1101TS/12/99
General & Special Conditions	PML404/3/2002
Mortgage Conditions	PML420/06/01
Mortgage Deed	PML423/02/02
Deeds Schedule	PML097/10/01
Notice to Freeholder	PML098/111/01
HM Land Registry Acknowledgement Card	PML422

**Updated Instructions to Legal Advisers for Individual Lettings Applicants Pack**

General Conditions and Special Conditions	PML404B/6/2005 (1067)
---	-----------------------

**Individual Lettings Applicants Pack - Scottish**

Application Form	PML560/10/2002
General & Special Conditions	PML404/3/2002
Mortgage Conditions Scotland	DL/489/1/03.97
Paragon Plus Brochure	
Payment Protection Brochure (if applicable)	PML413/09/02
General Service Tariff	PML544/04/2003

**Instructions to Legal Advisers for Individual Lettings Applicants Pack - Scottish**

Standard Security	PML491/12/2002
Affidavit	PML/495/12/2002
General & Special Conditions	PML404/3/2002
Instructions to Solicitors	DL/512/1/12.98
Mortgage Conditions Scotland	DL/489/1/03.97

**Updated Instructions to Legal Advisers for Individual Lettings Applicants Pack - Scottish**

General Conditions and Special Conditions	PML404B/6/2005 (1067)
Mortgage Conditions Scotland	PML/489/01/04
Certificate of Verification	Cert 4 (PARAGON) 27.1.98
The 2nd Property Application Form	DL/501/LETS/2/06.97
Let Application Form	DL/560/2/11.98
Mortgage Deed	DL/423.1/03.97
Mortgage Conditions	DL/420/1/3.97
Offer of Loan	
General Conditions and Special Conditions	DL/404/1/12.98
Instructions to Legal Advisors	DL/428/1/03.97
Procedures & Guidelines for Panel Surveyors	
Procedures and Guidelines for Panel Surveyors	DL455/1/7.98

Report on Title

Consent to Mortgage	DL/426/1/03.97	
Letter Confirming Completion of Mortgage,	NTCMRAPP	enclosing Completion
Insurance Certificate	BLDINAPP	Statement and Buildings
Security Assessment and Valuation	Version 3 4/94	
Security Assessment Confirmation	Version 1 3/94	
Notice of Assignment of Life Policy	DL/434/1/03.97	
Deed of Assignment of Policy of Assurance	DL/429/1/03.97	
Certificate of confirmation of Advice	DL/425/1/03.97	
Outside Insurers Undertaking	DL/500/1/03.97	
Leasehold Properties Insurance Declaration	DL/427/1/03.97	
Note Supplemental to Standard Instructions to	SUPNOTE2 (PARAGON) 27.1.98	
Legal Advisors		
Deeds Schedule	DL/431/1/3.97	
Instructions to Solicitors	DL/512/1/12.98	
Standard Security	DL/491/1/03.97	
Affidavit (Scotland)	DL/495/1/03.97	
Certificate of Confirmation of Advice		
(Scotland) DL/486/1/03.97		
Mortgage Conditions Scotland	DL/489/1/03.97	

**Mortgage Trust Documentation – England and Wales**

Offer Conditions (England and Wales) (2003 Edition)	MTR 141 9/03
Occupier's Letter	MTR 327 9/03
Legal Charge	MTR 138 9/03
Certificate of Title	MTR 140 9/03
Notice of Charge to Landlords	MTR 142 9/03
Schedule of Title Deeds and Documents	MTR 145 9/03
Deed of Postponement	MTR 405 9/03
Instructions to Solicitors (England and Wales)	MTR 144 9/03
Mortgage Conditions (England and Wales) (2003 Edition)	MTR 146 9/03

**Mortgage Trust Documentation – Scotland**

Offer Conditions (Scotland) (2003 Edition)	MTR 168 9/03
Form of Affidavit	MTR 160 9/03
Standard Security	MTR 165 11/03
Certificate of Title (Scotland)	MTR 164 9/03
Notice of Standard Security to Landlords	MTR 163 9/03
Schedule of Title Deeds and Documents	MTR 161 9/03
Instructions to Solicitors (Scotland)	MTR 166 9/03

Variations of Standard Conditions (Scotland) MTR 169 11/03  
(2003 Edition)

**Mortgage Trust Documentation – Northern Ireland**

Offer Conditions	MTR 156 9/03
Occupier's Letter	MTR 240 9/03
Mortgage	MTR 407 9/03
Certificate of Title (Northern Ireland)	MTR 151 9/03
Notice of Mortgage to Landlords	MTR 154 9/03
Schedule of Title Deeds and Documents (Northern Ireland)	MTR 150 9/03
Instructions to Solicitors	MTR 149 9/03
Mortgage Conditions (Northern Ireland) (2003 Edition)	MTR 157 9/03

**(B) Documents relating to Corporate Mortgages**

**Libor linked**

<b><u>Mortgage Description</u></b>	<b><u>Product type</u></b>	<b><u>OA Type</u></b>
Letting LIBOR + 1.5%	LIB	OA00850
LIBOR Letting +1.75% 1yr (051)	LIB	OA24450
Letting LIBOR + 0.75% 1yr(050)	LIB	OA24400
Letting LIBOR + 1.35%	LIB	OA00810
Letting LIBOR + 1.5%	LIB	OA00850
Letting LIBOR + 2% 2yrs (723)	LIB	OA24500
Lettings LIBOR + 1.4%	LIB	OA25200
Lettings LIBOR + 1.5%	LIB	OA25400

**Variable**

<b><u>Mortgage Description</u></b>	<b><u>Product type</u></b>	<b><u>OA Type</u></b>
Lettings Standard Variable	VAR	OA00160
Standard Variable	VAR	OA00100

**Fixed rate**

<b><u>Mortgage Description</u></b>	<b><u>Product type</u></b>	<b><u>OA Type</u></b>
Fixed 1 year letting at 5.250% (649)	FIX	OA27200
Fixed 10 Year Letting at 7.490% (649)	FIX	OA24600
Fixed 2 Yr Letting at 6.950% (723)	FIX	OA25500
Fixed 2 year letting at 5.750% (650)	FIX	OA27400
Fixed 5 year letting at 5.950% (650)	FIX	OA28900
Fixed Letting 1 year at 5.350% (649)	FIX	OA27700
Fixed Letting 1 year at 6.350% (719)	FIX	OA27750

<u>Mortgage Description</u>	<u>Product type</u>	<u>OA Type</u>
Fixed Letting 3 years at 6.750% (649)	FIX	OA28000
Fixed Letting 3 years at 6.850% (649)	FIX	OA27900
Lettings 2 Year Fixed at 5.550% (724)	FIX	OA27600
1 year fixed rate at 5.35%	FIX	OA277.00
3 year fixed rate at 6.25% to 31/03/07	FIX	OA298.50
5 year fixed rate at 6.39% to 31/03/09	FIX	OA299.00
3 year fixed rate at 5.95% to 30/06/07	FIX	OA301.00
5 year fixed rate at 5.99% to 30/06/09	FIX	OA303.00
3 year fixed rate at 6.89% to 30/09/07	FIX	OA30600
5 year fixed rate at 6.89% to 30/09/09	FIX	OA30700
1 year fixed rate at 5.99% to 31/12/05	FIX	OA30800
2 year fixed rate at 5.45% to 31/05/07	FIX	OA32100
3 year fixed rate at 5.7% to 31/07/08	FIX	OA32600
1 year fixed rate at 5.6% to 30/04/06	FIX	OA31900
3 year fixed rate at 5.99% to 30/04/08	FIX	OA32000
2 year fixed rate at 5.25% to 31/12/07	FIX	OA33700
3 year fixed rate at 5.35% to 31/12/08	FIX	OA33800
5 year fixed rate at 5.25% to 31/10/10	FIX	OA33400
3 year fixed rate at 5.00% to 31/03/09	FIX	OA35100
2 year fixed rate at 5.35% to 30/04/08	FIX	OA35300
1 year fixed rate at 3.95% to 30/06/07	FIX	OA35600
3 year fixed rate at 5.23% to 31/07/09	FIX	OA35900
2 year fixed rate at 5.25% to 30/09/08	FIX	OA36400
3 year fixed rate at 5.3% to 31/08/09	FIX	OA36100
2 year fixed rate at 5.75% to 31/05/09	FIX	OA37900
3 year fixed rate at 5.99% to 31/05/10	FIX	OA37800
2 year fixed rate at 5.58% to 31/03/09	FIX	OA37400
3 year fixed rate at 5.69% to 31/03/10	FIX	OA37500
2 year fixed rate at 5.58% to 31/12/08	FIX	OA36900
3 year fixed rate at 5.69% to 31/12/09	FIX	OA36800
2 year fixed rate at 5.25% to 31/05/09	FIX	OA38000
3 year fixed rate at 5.68% to 31/05/10	FIX	OA38200
5 year fixed rate at 5.99% to 31/05/12	FIX	OA38100
<b><u>Base Rate Loans</u></b>		
Discounted Base Rate Tracker + 0.95%	BRL	OA50500
Discounted Base Rate Tracker + 0.89%	BRL	OA50600
Discounted Base Rate Tracker + 0.63%	BRL	OA50700
Discounted Base Rate Tracker + 0.64%	BRL	OA50800
Base Rate Tracker + 0.90%	BRL	OA50900
Base Rate Tracker + 0.95%	BRL	OA51000
Base Rate Tracker + 1.15%	BRL	OA51100



Base Rate Tracker + 0.95%	BRL	OA51200
2 year Discount	BRL	OA37200
3 year Discount	BRL	OA37100
5 year Discount	BRL	OA37000
2 year Discount	BRL	OA34750

**Limited Company Lettings Applicants Pack**

Application Form	PML560/10/2002
General & Special Conditions	PML404/3/2002
Legal Charge (Corporate Borrower)	PML430/8/01
Paragon Plus Brochure	
General Services Tariff	PML544/04/2003

**Instructions to Legal Advisers for Limited Company Lettings Solicitors Pack**

Instructions to Solicitors (Corporate Borrower)	PML417/08/01
General & Special Conditions	PML404/3/2002
Legal Charge (Corporate Borrower)	PML430/8/01
Certificate of Confirmation of Advice to Guarantor (1 per guarantor)	PML435/2/00
Guarantee (1 per guarantor)	PML444/12/01
Supplemental Instructions for Properties Let at Completion	
Deeds Schedule	PML097/10/01
Notice to Freeholder	PML098/111/01
H M Land Registry Acknowledgement Card	PML422

**Updated Instructions to Legal Advisers for Limited Company Lettings Solicitors Pack**

General Conditions and Special Conditions	PML404B/6/2005 (1067)
---	-----------------------

**Limited Company Lettings Applicants Pack - Scottish**

Application Form	PML560/10/2002
General & Special Conditions	PML404/3/2002
Standard Security	
Paragon Plus Brochure (if applicable)	
General Service Tariff	PML544/04/2003

**Instructions to Legal Advisers for Limited Company Lettings Applicants Pack - Scottish**

Standard Security	
General & Special Conditions	PML404/3/2002
Instructions to Solicitors (Corporate Borrowers)	
Certificate of Confirmation of Advice to	

Guarantor (1 per guarantor)	
Guarantee (1 per guarantor)	DEED11 (DEEDS)
Floating Charge	MORTCOND (PARAGON)
Supplemental Instructions for Properties Let at Completion	
Deeds Schedule	PML097/10/01

**Updated Instructions to Legal Advisers for Limited Company Lettings Applicants Pack - Scottish**

General Conditions and Special Conditions	PML404B/6/2005 (1067)
---	-----------------------

**"Old" PML Corporate Documentation**

Certificate of Confirmation of Advice	DL/435/CO.LET/1/2.98
Supplemental Instructions for Properties Let at Completion	
General Conditions and Special Conditions	DL/404/1/12.98
Instructions to Solicitors Corporate Borrower	DL/417/CO.LET/1/12.98
Legal Charge Corporate Borrower	DL/430/CO.LET/1/2.98
Guarantee	

**"Old" PML Scottish Corporate Documentation**

Guarantee	DEED11 (DEEDS)
Supplemental Instructions for Properties Let at Completion	
Certificate of Confirmation of Advice to Guarantor	

INSTCORP (PARAGON) Draft 12.11.97

Instructions to Solicitors Corporate Borrower	DL/417/CO.LET/1/12.98
General Conditions and Special Conditions	DL/404/1/12.98
Notice of Assignment of Life Policy	DL/490/1/03.97
Floating Charge	MORTCOND (PARAGON)
Standard Security	

**Mortgage Trust Documentation - England and Wales**

Offer Conditions (England and Wales) (2003 Edition)	MTR 141 9/03
Occupier's Letter	MTR 327 9/03
Legal Charge	MTR 138 9/03
Certificate of Title	MTR 140 9/03
Notice of Charge to Landlords	MTR 142 9/03
Schedule of Title Deeds and Documents	MTR 145 9/03
Deed of Postponement	MTR 405 9/03

Instructions to Solicitors (England and Wales) MTR 144 9/03  
Mortgage Conditions (England and Wales) MTR 146 9/03  
(2003 Edition)  
Guarantee

**Mortgage Trust Documentation – Scotland**

Offer Conditions (Scotland) (2003 Edition) MTR 168 9/03  
Form of Affidavit MTR 160 9/03  
Standard Security MTR 165 11/03  
Certificate of Title (Scotland) MTR 164 9/03  
Notice of Standard Security to Landlords MTR 163 9/03  
Schedule of Title Deeds and Documents MTR 161 9/03  
Instructions to Solicitors (Scotland) MTR 166 9/03  
  
Variations of Standard Conditions (Scotland) MTR 169 11/03  
(2003 Edition)  
Guarantee

**Mortgage Trust Documentation – Northern Ireland**

Offer Conditions MTR 156 9/03  
Occupier's Letter MTR 240 9/03  
Mortgage MTR 407 9/03  
Certificate of Title (Northern Ireland) MTR 151 9/03  
Notice of Mortgage to Landlords MTR 154 9/03  
Schedule of Title Deeds and Documents MTR 150 9/03  
(Northern Ireland)  
Instructions to Solicitors MTR 149 9/03  
Mortgage Conditions (Northern Ireland) (2003 Edition) MTR 157 9/03  
Guarantee

1. Letter confirming Completion of Mortgage, enclosing Completion Statement and Buildings Insurance Certificate
2. Security Assessment and Valuation
3. Offer of Loan
4. Report on Title
5. Procedures & Guidelines for Panel Surveyors
6. Procedures and Guidelines for Panel Surveyors containing various Valuation Forms (PML/090/10/04) 990
7. Further Advance Application Form

**SCHEDULE 3  
REGISTERED LAND TITLE**

<p><b>Transfer of a HM Land Registry portfolio of charges</b></p> <p><i>(if you need more room than is provided for in a panel, use continuation sheets CS and staple to this form)</i></p>	<h1 style="font-size: 48px; margin: 0;">TR4</h1>						
<p><b>1. List below the title number (leave blank if not yet registered) together with a brief description of the property. If this transfer is made under section 37 of the Land Registration Act 1925 following a not-yet-registered dealing with part only of the land in a title, or is made under rule</b></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%; text-align: left;"><b>Title Number</b></th> <th style="width: 50%; text-align: left;"><b>Description of Property</b></th> <th style="width: 25%; text-align: left;"><b>Date of Transferor's charge</b></th> </tr> </thead> <tbody> <tr> <td style="height: 150px;"> </td> <td> </td> <td> </td> </tr> </tbody> </table>		<b>Title Number</b>	<b>Description of Property</b>	<b>Date of Transferor's charge</b>			
<b>Title Number</b>	<b>Description of Property</b>	<b>Date of Transferor's charge</b>					
<p><b>2. Date</b></p>							
<p><b>3. Transferor</b> <i>(give full names and Company's Registered Number if any)</i></p>							
<p><b>4. Transferee for entry on the register</b> <i>(Give full names and Company's Registered Number (if any); for Scottish Co. Reg. Nos., use an SC prefix. For foreign companies give territory in which incorporated.)</i></p> <p><i>Unless otherwise arranged with Land Registry headquarters, a certified copy of the transferee's constitution (in English or Welsh) will be required if</i></p>							
<p><b>5. Transferee's intended address(es) for service in the U.K. (including postcode) for entry on the register</b></p>							
<p><b>6. The Transferor transfers the charges referred to in panel 1 to the Transferee.</b></p>							
<p><b>7. Consideration</b> <i>(Place "X" in the box that applies. State clearly the currency unit if other than sterling. If none of the boxes applies, insert an appropriate memorandum in the additional provisions panel.)</i></p> <p style="margin-left: 40px;">The Transferor has received from the Transferee for the charges the sum of <i>(in words and figures)</i></p> <p style="margin-left: 40px;"><i>(insert other receipt as appropriate)</i></p> <p style="margin-left: 40px;">The Transfer is not for money or anything which has a monetary value</p>							

8. The Transferor transfers with *(place "X" in the box which applies and add any modifications)*

limited title guarantee

full title guarantee

9. Additional Provision(s) *Insert here any required or permitted statement, certificate or application and any agreed covenants, declarations, etc.*

Sign here

Director

Secretary

Signed as a deed by (name of company)  
acting by a director and its secretary

Signed as a deed by (name of company)  
acting by a director and its secretary

**Continuation HM Land Registry  
sheet  
for use with  
application and  
disposition  
forms**

**CS**

Title number(s)

1. Continued from Form

2. *Before each continuation, state panel to be continued, e.g. "Panel 12 continued".*

For the avoidance of doubt the transfer of the charges referred to in panel 1 by the Transferor to the Transferee shall include:

- (i) all sums of principal, interest or any other sum payable thereunder, and the right to demand, sue for, recover, receive and give receipts for all principal moneys payable under the Charges or the unpaid part thereof and the interest due or to become due thereon including any sums which have accrued due and payable interest (including capitalised interest) or other sums due to be paid or accrued in respect of the Charges (*provided* that the principal moneys payable under any Charge shall not be deemed to be due for the purpose of this paragraph merely because the legal date for redemption of the relevant Charge has passed); and
- (ii) the obligation to make further advances of principal and/or interest where the chargee is under an obligation to make further advances whether on a scheduled basis or on demand; and
- (iii) the benefit of all securities for such principal moneys and interest, the benefit of all consents to mortgage signed by occupiers of the charged properties and the benefit of and the right to sue on all covenants with, or vested in, the chargee in each Charge and the right to exercise all powers of the chargee in relation to each Charge; and
- (iv) all the estate and interest in the charged properties vested in the chargee subject to redemption or cesser; and
- (v) all causes of action of the chargee against any person in connection with any report, valuation, opinion, certificate, consent or mortgage or other statement of fact or opinion given in connection with any Charge or affecting the decision to make the relevant advance; and
- (vi) the benefit of any guarantee or surety vested in the Transferor relating to any of the Charges and any of the Collateral Facility relating to the charges; but excluding (i) the charges on the life assurance policies (if any) charged as collateral security therefor and (ii) the Transferor's right, title, interest and benefit

in any other insurance contracts in relation to the charged properties
<p style="text-align: right;"><b>Continuation sheet    of</b></p> <p style="text-align: right;"><i>(Insert sheet number and total number of continuation sheets e.g. "sheet 1 of 3")</i></p>

**SCHEDULE 4**  
**UNREGISTERED LAND TRANSFER**

**THIS DEED OF TRANSFER OF MORTGAGES** is made the [\_\_\_\_] day of [\_\_\_\_]

**BETWEEN:**

- (1) **[PARAGON MORTGAGES LIMITED/MORTGAGE TRUST LIMITED]** whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (hereinafter called the "**Transferor**"); and

and

- (2) **PARAGON MORTGAGES (NO.15) PLC** whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (hereinafter called the "**Transferee**") of the other part,

**WITH THE CONSENT OF:**

- (3) **[PARAGON MORTGAGES LIMITED** whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE ("**PML**") **/MORTGAGE TRUST SERVICES PLC** (in its capacity as Seller under the Mortgage Sale Agreement) whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE ("**MTS** ").]

**WHEREAS:**

- (A) By the charges by way of legal mortgage (the "**Mortgages**") brief particulars of which are set out in the Annexure hereto the properties brief particulars of which are similarly set out became security for the repayment of the moneys therein mentioned. [The Transferor sold the Mortgages to MTS (without MTS taking legal title to such Mortgages) and subsequently MTS sold such Mortgages to the Transferee (without the Transferee taking legal title to such Mortgages).]
- (B) The Transferor has agreed to sell and the Transferee has agreed to buy all right, title, interest, benefit and obligation (both present and future) of the Transferor in and under those Mortgages and all other mortgages in favour of the Transferor over such properties which do not relate to registered land for the consideration hereinafter mentioned.

**NOW THIS DEED WITNESSETH** as follows:

In consideration of the payment by the Transferee to Transferor of the purchase price therefor pursuant to a Mortgage Sale Agreement dated July 2007 and at the request [and with the concurrence of MTS (in its capacity as Seller)] for their respective right, title and interest in and to the Mortgages, the Transferor hereby transfers unto the Transferee with full title guarantee all right, title, interest, benefit and obligation (both present and future) of the



mortgagee in and under the Mortgages which do not relate to registered land including for the avoidance of doubt:

- (i) all sums of principal interest or any other sum payable under, and the right to demand, sue for, recover, receive and give receipts for all principal moneys payable or to become payable under, the relevant Mortgages or the unpaid part thereof and the interest due or to become due thereon including sums which have accrued due and payable and interest (including capitalised interest) or other sums due to be paid or accrued under or in respect of the Mortgages (*provided* that the principal moneys payable under any Mortgage shall not be deemed to be due for the purpose of this paragraph merely because the legal date for redemption of the relevant Mortgage has passed); and
- (ii) the obligation to make further advances of principal and/or interest where the mortgagee is under an obligation to make further advances whether on a scheduled basis or on demand save that, in respect of Mortgages where the relevant borrower is an individual, this shall not mean that the Transferor is, as against the mortgagor, no longer to be regarded as the creditor for the purposes of the Consumer Credit Act 1974; and
- (iii) the benefit of all securities for such principal moneys and interest, the benefit of all consents to mortgage signed by occupiers of the mortgaged properties and the benefit of and the right to sue on all covenants with, or vested in, the mortgagee in each Mortgage and the right to exercise all powers of the mortgagee in relation to each Mortgage; and
- (iv) all the estate and interest in the mortgaged properties vested in the mortgagee subject to redemption or cesser; and
- (v) all causes of action of the mortgagee against any person in connection with any report, valuation, opinion, certificate, consent to mortgage or other statement of fact or opinion given in connection with any Mortgage or affecting the decision to make the relevant advance; and
- (vi) the benefit of any guarantee or surety vested in the Transferor relating to any of the relevant Mortgages, and any other collateral security relating to the Mortgages,

but excluding (i) the charges on the life assurance policies (if any) charged as collateral security therefor and (ii) the Transferor's right, title, interest and benefit in any other insurance contracts in relation to the charged properties.

IN WITNESS whereof the Transferor has caused this Transfer to be executed as its Deed on its behalf the day and year first before written.

**Executed by:** [Paragon Mortgages Limited/Mortgage Trust Limited]

**as its deed as follows:**

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

By: .....

Name:

Title: Attorney

Signature: .....

Witness

Name:

Occupation:

Address:

**Executed by:** Paragon Mortgages (No.15) PLC

**as its deed as follows:**

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

By: .....

Name:

Title:

Signature: .....

Witness

Name:

Occupation:

Address:

**[Executed by:**

**Mortgage Trust Services plc**

**as its deed as follows:**

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

By: .....

Name:

Title: Attorney

Signature: .....

Witness

Name:

Occupation:

Address:]

**ANNEXURE**

**SCHEDULE 5**

**POWER OF ATTORNEY**

**Part A – Paragon Mortgages Limited Power of Attorney**

**THIS POWER OF ATTORNEY** is made by way of Deed on [•] 2007

**BY:**

- (1) **PARAGON MORTGAGES LIMITED** whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Donor**"),

**IN FAVOUR OF:**

- (2) **PARAGON MORTGAGES (NO.15) PLC** whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Issuer**", which term where the context permits shall include its successors and permitted assigns);
- (3) **CITICORP TRUSTEE COMPANY LIMITED** whose registered office is at Citigroup Centre, 14th Floor, Canada Square, Canary Wharf, London E14 5LB (the "**Trustee**", which term where the context permits shall include such company and all other persons or companies for the time being acting as the trustee or trustees under the Trust Deed (as defined in the Deed of Charge referred to below));
- (4) **PARAGON FINANCE PLC** whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (in its capacity as an "**Administrator**"); and
- (5) **MORTGAGE TRUST SERVICES PLC** whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (in its capacity as an "**Administrator**").

**WHEREAS:**

- (C) The Issuer has agreed to purchase several mortgages, Standard Securities, charges and securities from time to time as provided in the Mortgage Sale Agreement.
- (D) The Donor is or may become (or is entitled to be or may become entitled to be) the legal owner of the said several mortgages, Standard Securities, charges and securities (each such mortgage, Standard Security, charge or security being hereinafter called a "**Charge**").
- (E) By a deed of sub-charge and assignment dated July 2007 and made between, among others, the Issuer, the Trustee, each Administrator and the Donor (the "**Deed of Charge**") the Issuer transferred or assigned in security or agreed to transfer or assign

in security to the Trustee, among other things, its rights in each Charge subject to the proviso for re-transfer therein contained.

- (F) At the request of the Issuer, the Trustee and each Administrator, the Donor has agreed to enter into these presents for the purposes hereinafter appearing.

**NOW THIS DEED WITNESSETH** that the Donor **HEREBY APPOINTS** the Issuer, the Trustee and each Administrator severally to be its true and lawful attorney (with power to sub-delegate) for it and in its name to do the following acts and things or any of them for so long only as the Donor remains the legal owner of the Charges:

- (i) to exercise the rights, powers and discretion under such Charge (including the right to fix the rate or rates of interest payable under such Charge and to calculate the Monthly Payments or Net Monthly Payments as the case may be (being of combined interest and principal) payable by the Borrower in the case of a Repayment Mortgage) and any collateral security therefor and any related rights;
- (ii) to exercise all the powers exercisable by the Donor by reason of its remaining for the time being the legal owner of such Charge and in particular, but without prejudice to the generality of the foregoing, to make further advances to the Borrower;
- (iii) to demand, sue for and receive all moneys due or payable under such Charge or any such collateral security or related rights;
- (iv) upon payment of such moneys or of any part thereof to give good receipts and discharges for the same and to execute such receipts releases re-assignments retrocessions surrenders instruments and deeds as may be requisite or advisable;
- (v) from time to time to substitute and appoint severally one or more attorney or attorneys for all or any of the purposes aforesaid;
- (vi) to do and complete all such acts and things and to execute any deeds and documents as may be necessary to perfect the title of the Issuer to any Charge including the execution of transfers and assignments of the Charges and, where relevant, procuring the registration of the Issuer as registered proprietor of any Charge at the Land Registry or registered owner of any Charge at the Land Registry of Northern Ireland or the Registry of Deeds, Belfast or the registration or recording of the Issuer as heritable creditor of any Charge at Registers of Scotland;
- (vii) to deal with the funds standing to the credit of the Collection Accounts in accordance with the provisions of the Relevant Documents but subject to the terms of the Collection Account Declarations of Trust; and
- (viii) (in relation to the Trustee and the Administrator acting as Attorney under this sub-clause (viii) only) to execute under hand or seal any instrument necessary or expedient to discharge, vacate or release:

- (a) any and every mortgage or Standard Security assigned or transferred to the Issuer by the Donor under a mortgage sale agreement dated the same date as this Power of Attorney between, among others, the Donor, the Warehouse, the Issuer and the Trustee (the "**Mortgage Sale Agreement**"); and
- (b) any and every Charge over real or heritable or personal or moveable property now or in the future assigned or transferred to the Issuer by the Donor,

in such form as the Trustee or the Administrator acting as Attorney in relation to this sub-clause (viii) shall consider appropriate,

**AND** the Donor hereby agrees at all times hereafter to ratify and confirm whatsoever any act matter or deed any attorney or substitute shall lawfully do or cause to be done under or concerning these presents,

**AND** the Donor hereby declares that these presents having been given for security purposes and to secure a continuing obligation the powers hereby created shall be irrevocable.

Terms defined in the Administration Agreement (as defined in the Deed of Charge) have the same meanings when used in this Deed.

**AND** this Deed is governed by, and shall be construed in accordance with, the laws of England.

**IN WITNESS** whereof the Donor has caused this Power of Attorney to be executed as a Deed on its behalf the day and year first before written.

**Executed by:** **Paragon Mortgages Limited**

**as its deed as follows:**

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

By: .....

Name:

Title: Attorney

Signature: .....

Witness

Name:

Occupation:

Address:

**Part B – Mortgage Trust Limited Power of Attorney**

**THIS POWER OF ATTORNEY** is made by way of Deed on [•] 2007

**BY:**

- (1) **MORTGAGE TRUST LIMITED** whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Donor**"),

**WITH THE CONSENT OF:**

- (2) **MORTGAGE TRUST SERVICES PLC** whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE ("**MTS**")

**IN FAVOUR OF:**

- (3) **PARAGON MORTGAGES (NO.15) PLC** whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Issuer**", which term where the context permits shall include its successors and permitted assigns);
- (4) **CITICORP TRUSTEE COMPANY LIMITED** whose registered office is at Citigroup Centre, 14th Floor, Canada Square, Canary Wharf, London E14 5LB (the "**Trustee**", which term where the context permits shall include such company and all other persons or companies for the time being acting as the trustee or trustees under the Trust Deed (as defined in the Deed of Charge referred to below));
- (5) **PARAGON FINANCE PLC** whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (in its capacity as an "**Administrator**"); and
- (6) **MORTGAGE TRUST SERVICES PLC** whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (in its capacity as an "**Administrator**").

**WHEREAS:**

- (A) The Issuer has agreed to purchase several mortgages, standard securities, charges and securities from time to time as provided in the Mortgage Sale Agreement.
- (B) The Donor is or may become (or is entitled to be or may become entitled to be) the legal owner of the said several mortgages, Standard Securities, charges and securities (each such mortgage, Standard Security, charge or security being hereinafter called a "**Charge**").
- (C) By a deed of sub-charge and assignment dated July 2007 and made between, among others, the Issuer, the Trustee, each Administrator, MTS and the Donor (the "**Deed of Charge**") the Issuer transferred or assigned in security or agreed to transfer or assign

in security to the Trustee, among other things, its rights in each Charge subject to the proviso for re-transfer therein contained.

- (D) At the request of the Issuer, the Trustee and each Administrator and with the consent of MTS, the Donor has agreed to enter into these presents for the purposes hereinafter appearing.

**NOW THIS DEED WITNESSETH** that the Donor **HEREBY APPOINTS** the Issuer, the Trustee and each Administrator severally to be its true and lawful attorney (with power to sub-delegate) for it and in its name to do the following acts and things or any of them for so long only as the Donor remains the legal owner of the Charges:

- (i) to exercise the rights, powers and discretion under such Charge (including the right to fix the rate or rates of interest payable under such Charge and to calculate the Monthly Payments or Net Monthly Payments as the case may be (being of combined interest and principal) payable by the Borrower in the case of a Repayment Mortgage) and any collateral security therefor and any related rights;
- (ii) to exercise all the powers exercisable by the Donor by reason of its remaining for the time being the legal owner of such Charge and in particular, but without prejudice to the generality of the foregoing, to make further advances to the Borrower;
- (iii) to demand, sue for and receive all moneys due or payable under such Charge or any such collateral security or related rights;
- (iv) upon payment of such moneys or of any part thereof to give good receipts and discharges for the same and to execute such receipts releases re-assignments retrocessions surrenders instruments and deeds as may be requisite or advisable;
- (v) from time to time to substitute and appoint severally one or more attorney or attorneys for all or any of the purposes aforesaid;
- (vi) to do and complete all such acts and things and to execute any deeds and documents as may be necessary to perfect the title of the Issuer to any Charge including the execution of transfers and assignments of the Charges and, where relevant, procuring the registration of the Issuer as registered proprietor of any Charge at the Land Registry or registered owner of any Charge at the Land Registry of Northern Ireland or the Registry of Deeds, Belfast or the registration or recording of the Issuer as heritable creditor of any Charge at Registers of Scotland;
- (vii) to deal with the funds standing to the credit of the Collection Accounts in accordance with the provisions of the Relevant Documents but subject to the terms of the Collection Account Declarations of Trust; and
- (viii) (in relation to the Trustee and the Administrator acting as Attorney under this sub-clause (viii) only) to execute under hand or seal any instrument necessary or expedient to discharge, vacate or release:



- (a) any and every mortgage or Standard Security assigned or transferred to the Issuer by the Donor under a mortgage sale agreement dated the same date as this Power of Attorney between, among others the Donor, the Warehouse, the Issuer and the Trustee (the "**Mortgage Sale Agreement**"); and
- (b) any and every Charge over real or heritable or personal or moveable property now or in the future assigned or transferred to the Issuer by the Donor,

in such form as the Trustee or the Administrator acting as Attorney in relation to this sub-clause (viii) shall consider appropriate,

**AND** the Donor hereby agrees at all times hereafter to ratify and confirm whatsoever any act matter or deed any attorney or substitute shall lawfully do or cause to be done under or concerning these presents,

**AND** the Donor hereby declares that these presents having been given for security purposes and to secure a continuing obligation the powers hereby created shall be irrevocable.

Terms defined in the Administration Agreement (as defined in the Deed of Charge) have the same meanings when used in this Deed.

**AND** this Deed is governed by, and shall be construed in accordance with, the laws of England.

**IN WITNESS** whereof the Donor has caused this Power of Attorney to be executed as a Deed on its behalf the day and year first before written.

**Executed by:** **Mortgage Trust Limited**

**as its deed as follows:**

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

By: .....

Name:

Title: Attorney

Signature: .....

Witness

Name:

Occupation:

Address:

**Executed by:**

**Mortgage Trust Services plc**

**as its deed as follows:**

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

By: .....

Name:

Title: Attorney

Signature: .....

Witness

Name:

Occupation:

Address:

**Part C – Mortgage Trust Services plc Power of Attorney**

**THIS POWER OF ATTORNEY** is made by way of Deed on [•] 2007

**BY:**

- (1) **MORTGAGE TRUST SERVICES PLC** whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Donor**"),

**IN FAVOUR OF:**

- (2) **PARAGON MORTGAGES (NO.15) PLC** whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Issuer**", which term where the context permits shall include its successors and permitted assigns);
- (3) **CITICORP TRUSTEE COMPANY LIMITED** whose registered office is at Citigroup Centre, 14th Floor, Canada Square, Canary Wharf, London E14 5LB (the "**Trustee**", which term where the context permits shall include such company and all other persons or companies for the time being acting as the trustee or trustees under the Trust Deed (as defined in the Deed of Charge referred to below));
- (4) **PARAGON FINANCE PLC** whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (in its capacity as an "**Administrator**"); and
- (5) **MORTGAGE TRUST SERVICES PLC** whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (in its capacity as an "**Administrator**").

**WHEREAS:**

- (A) The Issuer has agreed to purchase several mortgages, Standard Securities, charges and securities from time to time as provided in the Mortgage Sale Agreement.
- (B) The Donor is or may become (or is entitled to be or may become entitled to be) the legal owner of the said several mortgages, Standard Securities, charges and securities (each such mortgage, Standard Security, charge or security being hereinafter called a "**Charge**").
- (C) By a deed of sub-charge and assignment dated July 2007 and made between, among others, the Issuer, the Trustee, each Administrator and the Donor (the "**Deed of Charge**") the Issuer transferred or assigned in security or agreed to transfer or assign in security to the Trustee, among other things, its rights in each Charge subject to the proviso for re-transfer therein contained.
- (D) At the request of the Issuer, the Trustee and each Administrator, the Donor has agreed to enter into these presents for the purposes hereinafter appearing.

**NOW THIS DEED WITNESSETH** that the Donor **HEREBY APPOINTS** the Issuer, the Trustee and each Administrator severally to be its true and lawful attorney (with power to sub-delegate) for it and in its name to do the following acts and things or any of them for so long only as the Donor remains the legal owner of the Charges:

- (ix) to exercise the rights, powers and discretion under such Charge (including the right to fix the rate or rates of interest payable under such Charge and to calculate the Monthly Payments or Net Monthly Payments as the case may be (being of combined interest and principal) payable by the Borrower in the case of a Repayment Mortgage) and any collateral security therefor and any related rights;
- (x) to exercise all the powers exercisable by the Donor by reason of its remaining for the time being the legal owner of such Charge and in particular, but without prejudice to the generality of the foregoing, to make further advances to the Borrower;
- (xi) to demand, sue for and receive all moneys due or payable under such Charge or any such collateral security or related rights;
- (xii) upon payment of such moneys or of any part thereof to give good receipts and discharges for the same and to execute such receipts releases re-assignments retrocessions surrenders instruments and deeds as may be requisite or advisable;
- (xiii) from time to time to substitute and appoint severally one or more attorney or attorneys for all or any of the purposes aforesaid;
- (xiv) to do and complete all such acts and things and to execute any deeds and documents as may be necessary to perfect the title of the Issuer to any Charge including the execution of transfers and assignments of the Charges and, where relevant, procuring the registration of the Issuer as registered proprietor of any Charge at the Land Registry or registered owner of any Charge at the Land Registry of Northern Ireland or the Registry of Deeds, Belfast or the registration or recording of the Issuer as heritable creditor of any Charge at Registers of Scotland;
- (xv) to deal with the funds standing to the credit of the Collection Accounts in accordance with the provisions of the Relevant Documents but subject to the terms of the Collection Account Declarations of Trust; and
- (xvi) (in relation to the Trustee and the Administrator acting as Attorney under this sub-clause (viii) only) to execute under hand or seal any instrument necessary or expedient to discharge, vacate or release:
  - (c) any and every mortgage or Standard Security assigned or transferred to the Issuer by the Donor under a mortgage sale agreement dated the same date as this Power of Attorney between, among others, the Donor, the Warehouse, the Issuer and the Trustee (the "**Mortgage Sale Agreement**"); and
  - (d) any and every Charge over real or heritable or personal or moveable property now or in the future assigned or transferred to the Issuer by the Donor,

in such form as the Trustee or the Administrator acting as Attorney in relation to this sub-clause (viii) shall consider appropriate,

**AND** the Donor hereby agrees at all times hereafter to ratify and confirm whatsoever any act matter or deed any attorney or substitute shall lawfully do or cause to be done under or concerning these presents,

**AND** the Donor hereby declares that these presents having been given for security purposes and to secure a continuing obligation the powers hereby created shall be irrevocable.

Terms defined in the Administration Agreement (as defined in the Deed of Charge) have the same meanings when used in this Deed.

**AND** this Deed is governed by, and shall be construed in accordance with, the laws of England.

**IN WITNESS** whereof the Donor has caused this Power of Attorney to be executed as a Deed on its behalf the day and year first before written.

**Executed by:** **Mortgage Trust Services plc**

**as its deed as follows:**

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

By: .....  
Name:  
Title: Attorney

Signature: .....

Witness

Name:  
Occupation:  
Address:

**SCHEDULE 6**  
**SLR TRANSFER**

**Part A – Paragon Mortgages Limited SLR Transfer**

We, **PARAGON MORTGAGES LIMITED**, incorporated under the Companies Acts in England (Number 2337854) and having our registered office at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Transferor**") CONSIDERING that in terms of a mortgage sale agreement among us, the Transferor and others dated July 2007 (the "**Mortgage Sale Agreement**") we have sold the Standard Securities and others hereinafter mentioned to **PARAGON MORTGAGES (NO.15) PLC**, incorporated under the Companies Acts in England (Number 6212267) and having its registered office at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Transferee**") NOW THEREFORE we the Transferor HEREBY in implement *pro tanto* of the Mortgage Sale Agreement and for the consideration therein specified ASSIGN to the Transferee:

- (ONE) the Standard Securities granted by the respective parties whose names are specified in Column 2 of the Schedule annexed and executed as relative hereto in favour of us the Transferor for all sums due and to become due, to the extent of the respective amounts specified in the relative entry in Column 5 of the said Schedule being the amounts now due under the said Standard Securities, registered said respective Standard Securities in the Land Register under the Title Number specified in the relative entry in Column 3 of the said Schedule on the date specified in the relative entry in Column 4 of the said Schedule; and
- (TWO) the whole right, title and interest of us the Transferor in and under all personal bonds, credit agreements or agreements for loan (howsoever constituted) granted or entered into by the said respective parties whose names are specified in Column 2 of the said Schedule and secured by the said Standard Securities;

With interest from and also arrears and accumulations of interest due and unpaid (except as specified in the Mortgage Sale Agreement) as at [•] 2007, notwithstanding the date hereof; And we, the Transferor, grant warrandice:

**IN WITNESS WHEREOF** these presents typewritten on this [and the preceding] page are together with the Schedule annexed hereto executed at [London] on [\_\_\_\_] as follows:

**SUBSCRIBED for and on behalf of the said**

**PARAGON MORTGAGES LIMITED**

By: .....  
Name:  
Title: Director

and

By: .....  
Name:  
Title: Director/Secretary

**Schedule referred to in the foregoing Assignment  
by Paragon Mortgages Limited  
in favour of Paragon Mortgages (No.15) PLC**

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Account No.</b>	<b>Borrowers</b>	<b>Title No.</b>	<b>Registration Date</b>	<b>Current Balance</b>

*[Note: Last page of schedule to be signed by each signatory]*



**Part B - Mortgage Trust Limited SLR Transfer**

We, **MORTGAGE TRUST LIMITED**, incorporated under the Companies Acts in England (Number 2048895) and having our registered office at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Transferor**") CONSIDERING that we sold the Standard Securities and others hereinafter mentioned to **MORTGAGE TRUST SERVICES PLC** (Number 3940202) whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE ("**MTS**") FURTHER CONSIDERING that in terms of a mortgage sale agreement among us, the Transferor and others dated July 2007 (the "**Mortgage Sale Agreement**") MTS has, without taking legal title thereto, sold the Standard Securities and others hereinafter mentioned to **PARAGON MORTGAGES (NO.15) PLC**, incorporated under the Companies Acts in England (Number 6212267) and having its registered office at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Transferee**") NOW THEREFORE we the Transferor at the request and with the concurrence of MTS (in its capacity as Seller) for its right, title and interest in and to the said Standard Securities and others IN CONSIDERATION of the sums payable in terms of and in implement *pro tanto* of the Mortgage Sale Agreement HEREBY ASSIGN to the Transferee:

- (ONE) the Standard Securities granted by the respective parties whose names are specified in Column 2 of the Schedule annexed and executed as relative hereto in favour of us the Transferor for all sums due and to become due, to the extent of the respective amounts specified in the relative entry in Column 5 of the said Schedule being the amounts now due under the said Standard Securities, registered said respective Standard Securities in the Land Register under the Title Number specified in the relative entry in Column 3 of the said Schedule on the date specified in the relative entry in Column 4 of the said Schedule; and
- (TWO) the whole right, title and interest of us the Transferor in and under all personal bonds, credit agreements or agreements for loan (howsoever constituted) granted or entered into by the said respective parties whose names are specified in Column 2 of the said Schedule and secured by the said Standard Securities;

With interest from and also arrears and accumulations of interest due and unpaid (except as specified in the Mortgage Sale Agreement) as at [●] 2007, notwithstanding the date hereof; And we, the Transferor, grant warrandice to MTS; And MTS grants warrandice.

**IN WITNESS WHEREOF** these presents typewritten on this [and the preceding] page are together with the Schedule annexed hereto executed at [London] on [\_\_\_\_] as follows:

**SUBSCRIBED for and on behalf of the said**

**MORTGAGE TRUST LIMITED**

By: .....

Name:

Title: Director

and

By: .....

Name:

Title: Director/Secretary

**SUBSCRIBED for and on behalf of the said**

**MORTGAGE TRUST SERVICES PLC**

By: .....

Name:

Title: Director

and

By: .....

Name:

Title: Director/Secretary

**Schedule referred to in the foregoing Assignment  
by Mortgage Trust Limited with the consent of  
Mortgage Trust Services plc  
in favour of Paragon Mortgages (No.15) PLC**

1	2	3	4	5
Account No.	Borrowers	Title No.	Registration Date	Current Balance

*[Note: Last page of schedule to be signed by each signatory]*

**SCHEDULE 7**  
**SASINE REGISTER TRANSFER**

**Part A – Paragon Mortgages Limited Sasine Register Transfer**

We, **PARAGON MORTGAGES LIMITED**, incorporated under the Companies Acts in England (Number 2048895) and having our registered office at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Transferor**") CONSIDERING that in terms of a mortgage sale agreement among us, the Transferor and others dated July 2007 (the "**Mortgage Sale Agreement**") we have sold the Standard Securities and others hereinafter mentioned to **PARAGON MORTGAGES (NO.15) PLC**, incorporated under the Companies Acts in England (Number 6212267) and having its registered office at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Transferee**") NOW THEREFORE we the Transferor HEREBY in implement *pro tanto* of the Mortgage Sale Agreement and for the consideration therein specified ASSIGN to the Transferee:

- (ONE) the Standard Securities granted by the respective parties whose names are specified in Column 2 of the Schedule annexed and executed as relative hereto in favour of us the Transferor for all sums due and to become due, to the extent of the respective amounts specified in the relative entry in Column 5 of the said Schedule being the amounts now due under the said respective Standard Securities, recorded said respective Standard Securities in the Division of the General Register of Sasines for the County specified in the relative entry in Column 3 of the said Schedule on the date specified in the relative entry in Column 4 of the said Schedule; and
- (TWO) the whole right, title and interest of us the Transferor in and under all personal bonds, credit agreements or agreements for loan (howsoever constituted) granted or entered into by the said respective parties whose names are specified in Column 2 of the said Schedule and secured by the said Standard Securities.

With interest from and also arrears and accumulations of interest due and unpaid (except as specified in the Mortgage Sale Agreement) as at [•] 2007, notwithstanding the date hereof; And we, the Transferor, grant warrandice.

**IN WITNESS WHEREOF** these presents typewritten on this [and the preceding] page are together with the Schedule annexed hereto executed at [London] on the [\_\_\_\_] as follows:

**SUBSCRIBED for and on behalf of  
the said PARAGON MORTGAGES LIMITED**

by .....

Name: .....

Title: Director

and by: .....

Name: .....

Title: Director/Secretary

**Schedule referred to in the foregoing Assignment  
by Paragon Mortgages Limited  
in favour of Paragon Mortgages (No.15) PLC**

1	2	3	4	5
Account No.	Borrowers	County	Recording Date	Current Balance

*[Note: Last page of schedule to be signed by each signatory]*

**Part B – Mortgage Trust Limited Sasine Register Transfer**

We, **MORTGAGE TRUST LIMITED**, incorporated under the Companies Acts in England (Number 2048895) and having our registered office at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Transferor**") CONSIDERING that we sold the Standard Securities and others hereinafter mentioned to **MORTGAGE TRUST SERVICES PLC** (Number 3940202) whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE ("**MTS**") FURTHER CONSIDERING that in terms of a mortgage sale agreement among us, the Transferor and others dated July 2007 (the "**Mortgage Sale Agreement**") MTS has, without taking legal title thereto, sold the Standard Securities and others hereinafter mentioned to **PARAGON MORTGAGES (NO.15) PLC**, incorporated under the Companies Acts in England (Number 6212267) and having its registered office at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Transferee**") NOW THEREFORE we the Transferor at the request and with the concurrence of MTS (in its capacity as Seller) for its right, title and interest in and to the said Standard Securities and others IN CONSIDERATION of the sums payable in terms of and in implement pro tanto of the Mortgage Sale Agreement HEREBY ASSIGN to the Transferee:

- (ONE) the Standard Securities granted by the respective parties whose names are specified in Column 2 of the Schedule annexed and executed as relative hereto in favour of us the Transferor for all sums due and to become due, to the extent of the respective amounts specified in the relative entry in Column 5 of the said Schedule being the amounts now due under the said respective Standard Securities, recorded said respective Standard Securities in the Division of the General Register of Sasines for the County specified in the relative entry in Column 3 of the said Schedule on the date specified in the relative entry in Column 4 of the said Schedule; and
- (TWO) the whole right, title and interest of us the Transferor in and under all personal bonds, credit agreements or agreements for loan (howsoever constituted) granted or entered into by the said respective parties whose names are specified in Column 2 of the said Schedule and secured by the said Standard Securities.

With interest from and also arrears and accumulations of interest due and unpaid (except as specified in the Mortgage Sale Agreement) as at [•] 2007, notwithstanding the date hereof; And we, the Transferor, grant warrandice to MTS; And MTS grants warrandice:

**IN WITNESS WHEREOF** these presents typewritten on this [and the preceding] page are together with the Schedule annexed hereto executed at [London] on the [\_\_\_\_] as follows:

**SUBSCRIBED for and on behalf of the said**

**MORTGAGE TRUST LIMITED**

By: .....  
Name:  
Title: Director

And

By: .....  
Name:  
Title: Director/Secretary

**SUBSCRIBED for and on behalf of the said**

**MORTGAGE TRUST SERVICES PLC**

By: .....  
Name:  
Title: Director

and

By: .....  
Name:  
Title: Director/Secretary



**Schedule referred to in the foregoing Assignment  
by Mortgage Trust Limited with the consent of  
Mortgage Trust Services plc  
in favour of Paragon Mortgages (No.15) PLC**

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Account No.</b>	<b>Borrowers</b>	<b>County</b>	<b>Recording Date</b>	<b>Current Balance</b>

*[Note: Last page of schedule to be signed by each signatory]*

**SCHEDULE 8**  
**SCOTTISH DECLARATIONS OF TRUST**

**Part A – Paragon Mortgages Limited Declaration of Trust**

**DECLARATION OF TRUST**

by

**PARAGON MORTGAGES LIMITED**, incorporated under the Companies Acts in England (Number 2337854) and having its registered office at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Originator**")

in favour of

**PARAGON MORTGAGES (NO.15) PLC**, incorporated under the Companies Acts in England (Number 6212267) and having its registered office at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Issuer**")

**WHEREAS**

- (A) Legal title to the Scottish Trust Property after mentioned is held by and vested in the Originator;
- (B) In terms of a mortgage sale agreement entered into among the Originator, the Issuer, Citicorp Trustee Company Limited (the "**Trustee**") and others dated July 2007 (the "**Mortgage Sale Agreement**") the Originator agreed to sell and the Issuer has agreed to purchase *inter alia* the said Scottish Trust Property; and
- (C) In implement *pro tanto* of the Mortgage Sale Agreement the Originator has undertaken to grant this deed pending the taking of full legal title by the Issuer to the said Scottish Trust Property in accordance with the provisions of an administration agreement entered into among the Originator, the Issuer and others dated July 2007 (the "**Administration Agreement**"):

**NOW THEREFORE** the parties **HEREBY AGREE AND DECLARE** as follows:

**Interpretation**

- 1. In this deed:
  - (a) words and expressions shall (except where expressed to the contrary herein) have the same meanings respectively ascribed to them in the Mortgage Sale Agreement and in the Administration Agreement; and
  - (b) "**Scottish Trust Property**" shall mean the Scottish Mortgages, brief particulars of which are detailed in the Schedule annexed and executed as relative hereto, and all principal, interest and expenses, including all further

advances present and future, comprised therein and secured thereby, together with:

- (i) the whole matters pertaining thereto specified and referred to in Clause 3.4(A) of the Mortgage Sale Agreement; and
- (ii) the collateral security present and future for such Scottish Mortgages; and
- (iii) all monies, rights, interest, benefits and others pertaining thereto or deriving therefrom; and
- (iv) all powers and remedies for enforcing the same; and
- (v) all proceeds of sale deriving therefrom in the event of the enforcement of any of the Scottish Mortgages.

#### **Declaration of Trust**

- 2. The Originator hereby DECLARES that from and after the date hereof it holds and, subject to Clause 6 hereof, shall henceforth hold the Scottish Trust Property and its whole right, title and interest, present and future, therein and thereto in trust absolutely for the Issuer and its assignees (whether absolutely or in security) whomsoever.

#### **Intimation**

- 3. The Originator hereby intimates to the Issuer the coming into effect of the trust hereby declared and created and the Issuer by its execution hereof immediately subsequent to the execution of this deed by the Originator acknowledges such intimation.

#### **Dealings with Scottish Trust Property and Negative Pledge**

- 4. The Originator warrants and undertakes that:
  - (i) as at the date hereof, it holds legal title to the Scottish Trust Property unencumbered by any fixed or floating charge, diligence or other Security Interest;
  - (ii) it shall not create or agree to create any fixed or floating charge or other Security Interest over or which may attach to or affect the whole or any part of the Scottish Trust Property or otherwise dispose of the same at any time when such property or part thereof remains subject to the trust hereby created; and
  - (iii) it shall deal with the Scottish Trust Property (including without prejudice to said generality the setting of any interest rate applicable thereto) in accordance with the provisions of the Mortgage Sale Agreement and the Administration Agreement and the specific written instructions (if any) of the Issuer and its foresaids and shall take, subject to Clause 6 hereof, any such action as may be

necessary (including for the avoidance of doubt the raising or defending of any proceedings in any court of law whether in Scotland or elsewhere) to secure or protect the title to the Scottish Trust Property, but only in accordance with the specific written instructions (if any) of the Issuer and its foresaids.

### **Power of Beneficiary**

5. The provisions of Clauses 8.5 and 15 of the Mortgage Sale Agreement shall be deemed to be incorporated herein in so far as the same pertain to the Scottish Trust Property and during the continuance of the trust hereby declared and created the Issuer as beneficiary hereunder shall have the benefit of all rights and powers thereby conferred, including without limitation the right (subject to the provisions of the Administration Agreement) to call upon the Originator to execute and deliver to the Issuer valid assignments of the Scottish Trust Property or any part thereof, and that notwithstanding the winding up of the Originator, or the Originator entering administration, or the appointment of any receiver to all or any part of the Scottish Trust Property, and for further assuring the said rights and powers the Originator undertakes forthwith to execute and deliver to the Issuer a power of attorney substantially in the form set out in Part A of Schedule 5 to the Mortgage Sale Agreement.

### **Termination of Trust**

6. If:
- (i) legal title to any part or parts of the Scottish Trust Property is taken by the Issuer or its foresaids in accordance with the provisions of Clause 4.4.2 of the Administration Agreement (which in the case of any Scottish Mortgage shall be constituted by the registration or recording of the title thereto of the Issuer or its foresaids at Registers of Scotland); or
  - (ii) any part or parts of the Scottish Trust Property forms the subject of a repurchase in accordance with the terms of Clause 8 of the Mortgage Sale Agreement,

the trust hereby declared and created shall (but only when either of the events or transactions before stated has been completed irrevocably, validly and in full) *ipso facto* fall and cease to be of effect in respect of such part or parts of the Scottish Trust Property but shall continue in full force and effect in respect of the whole remainder (if any) of the Scottish Trust Property.

### **Change of Trustee**

7. Except with the prior written consent of the Issuer and (for so long as it retains any right or interest in the Scottish Trust Property) the Trustee, the Originator shall not be entitled to resign office as a trustee or assume a new trustee or trustees under this deed.

**Variation**

- 8. This deed and the trust hereby declared and created shall not be varied in any respect without the consent in writing of the Issuer and (for so long as it retains any right or interest in the Scottish Trust Property) the Trustee.

**Assignment**

- 9. The Issuer shall be entitled to assign (in security) in favour of the Trustee pursuant to the deed of sub-charge and assignment to be entered into among the Issuer, the Trustee and others on or after the date hereof its rights and interests under this deed and the trust hereby declared and created, and the Originator hereby undertakes, in the event of any such assignment being made by the Issuer, to execute and deliver all deeds and documents necessary for the purposes of receiving and acknowledging intimation of such assignment.

**Governing Law**

- 10. This deed shall be governed by and construed in accordance with the law of Scotland and each of the parties hereby prorogates the non-exclusive jurisdiction of the Scottish Courts so far as not already subject thereto and waives any right or plea of *forum non conveniens* in respect of such jurisdiction.

**Registration**

- 11. The parties hereto consent to the registration of these presents for preservation.

**IN WITNESS WHEREOF** these presents typewritten on this and the preceding [three] pages are together with the Schedule annexed hereto executed in London on [•] 2007 as follows:

**SUBSCRIBED for and on behalf of the said PARAGON MORTGAGES LIMITED**

By: .....

Name:

Title: Attorney

Signature .....

Witness

Name:

Occupation:

Address:

**SUBSCRIBED for and on behalf of the  
said**

**PARAGON MORTGAGES (NO.15) PLC**

By: .....

Name:

Title: Attorney

Signature .....

Witness

Name:

Occupation:

Address:

**Schedule referred to in the foregoing Declaration of Trust  
by Paragon Mortgages Limited in favour of  
PARAGON MORTGAGES (NO.15) PLC**

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Account No.</b>	<b>Name</b>	<b>Address Property</b>	<b>of Title No./County</b>	<b>Balance</b>

*[Note: Last page of schedule to be signed by each signatory]*

**Part B – Mortgage Trust Limited Declaration of Trust**

**DECLARATION OF TRUST**

by

**MORTGAGE TRUST LIMITED**, incorporated under the Companies Acts in England (Number 2048895) and having its registered office at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Originator**")

with the consent of

**MORTGAGE TRUST SERVICES PLC**, incorporated under the Companies Acts in England (Number 3940202) and having its registered office at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE ("**MTS**")

in favour of

**PARAGON MORTGAGES (NO.15) PLC**, incorporated under the Companies Acts in England (Number 6212267) and having its registered office at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Issuer**")

**WHEREAS**

- (A) Legal title to the Scottish Trust Property after mentioned is held by and vested in the Originator;
- (B) MTS, without completing title thereto, purchased the said Scottish Trust Property from the Originator;
- (C) In terms of a mortgage sale agreement entered into among the Originator, the Issuer, Citicorp Trustee Company Limited (the "**Trustee**") and others dated July 2007 (the "**Mortgage Sale Agreement**") MTS agreed to sell and the Issuer has agreed to purchase *inter alia* the said Scottish Trust Property; and
- (D) In implement *pro tanto* of the Mortgage Sale Agreement the Originator has undertaken at the request of MTS (in its capacity as Seller) to grant this deed pending the taking of full legal title by the Issuer to the said Scottish Trust Property in accordance with the provisions of an administration agreement entered into among the Originator, the Issuer and others dated July 2007 (the "**Administration Agreement**"):



**NOW THEREFORE** the parties **HEREBY AGREE AND DECLARE** as follows:

**Interpretation**

1. In this deed:
  - (a) words and expressions shall (except where expressed to the contrary herein) have the same meanings respectively ascribed to them in the Mortgage Sale Agreement and in the Administration Agreement; and
  - (b) "**Scottish Trust Property**" shall mean the Scottish Mortgages, brief particulars of which are detailed in the Schedule annexed and executed as relative hereto, and all principal, interest and expenses, including all further advances present and future, comprised therein and secured thereby, together with:
    - (i) the whole matters pertaining thereto specified and referred to in Clause 3.4(A) of the Mortgage Sale Agreement; and
    - (ii) the collateral security present and future for such Scottish Mortgages; and
    - (iii) all monies, rights, interest, benefits and others pertaining thereto or deriving therefrom; and
    - (iv) all powers and remedies for enforcing the same; and
    - (v) all proceeds of sale deriving therefrom in the event of the enforcement of any of the Scottish Mortgages.

**Declaration of Trust**

2. The Originator hereby **DECLARES** with the consent and concurrence of MTS (in its capacity as Seller) for their respective right, title and interest in and to the Scottish Trust Property that from and after the date hereof it holds and, subject to Clause 6 below, shall henceforth hold the Scottish Trust Property and its whole right, title and interest, present and future, therein and thereto in trust absolutely for the Issuer and its assignees (whether absolutely or in security) whomsoever.

**Intimation**

3. The Originator hereby intimates to the Issuer the coming into effect of the trust hereby declared and created and the Issuer by its execution hereof immediately subsequent to the execution of this deed by the Originator acknowledges such intimation.

**Dealings with Scottish Trust Property and Negative Pledge**

4. The Originator and MTS (in its capacity as Seller) each warrant and undertake that:

- (i) as at the date hereof, the Originator holds legal title to the Scottish Trust Property unencumbered by any fixed or floating charge, diligence or other Security Interest;
- (ii) they shall not create or agree to create any fixed or floating charge or other Security Interest over or which may attach to or affect the whole or any part of the Scottish Trust Property or otherwise dispose of the same at any time when such property or part thereof remains subject to the trust hereby created; and
- (iii) they shall deal with the Scottish Trust Property (including without prejudice to said generality the setting of any interest rate applicable thereto) in accordance with the provisions of the Mortgage Sale Agreement and the Administration Agreement and the specific written instructions (if any) of the Issuer and its foresaids and shall take, subject to Clause 6 hereof, any such action as may be necessary (including for the avoidance of doubt the raising or defending of any proceedings in any court of law whether in Scotland or elsewhere) to secure or protect the title to the Scottish Trust Property, but only in accordance with the specific written instructions (if any) of the Issuer and its foresaids.

#### **Power of Beneficiary**

5. The provisions of Clauses 8.5 and 15 of the Mortgage Sale Agreement shall be deemed to be incorporated herein in so far as the same pertain to the Scottish Trust Property and during the continuance of the trust hereby declared and created the Issuer as beneficiary hereunder shall have the benefit of all rights and powers thereby conferred, including without limitation the right (subject to the provisions of the Administration Agreement) to call upon the Originator and MTS (in its capacity as Seller) to execute and deliver to the Issuer valid assignments of the Scottish Trust Property or any part thereof, and that notwithstanding the winding up of the Originator or MTS (in its capacity as Seller) or the Originator or MTS (in its capacity as Seller) entering administration, or the appointment of any receiver to all or any part of the Scottish Trust Property, and for further assuring the said rights and powers the Originator undertakes forthwith to execute and deliver to the Issuer a power of attorney substantially in the form set out in Part B of Schedule 5 to the Mortgage Sale Agreement.

#### **Termination of Trust**

6. If:
- (i) legal title to any part or parts of the Scottish Trust Property is taken by the Issuer or its foresaids in accordance with the provisions of Clause 4.4.2 of the Administration Agreement (which in the case of any Scottish Mortgage shall be constituted by the registration or recording of the title thereto of the Issuer or its foresaids at Registers of Scotland); or

- (ii) any part or parts of the Scottish Trust Property forms the subject of a repurchase in accordance with the terms of Clause 8 of the Mortgage Sale Agreement,

the trust hereby declared and created shall (but only when either of the events or transactions before stated has been completed irrevocably, validly and in full) *ipso facto* fall and cease to be of effect in respect of such part or parts of the Scottish Trust Property but shall continue in full force and effect in respect of the whole remainder (if any) of the Scottish Trust Property.

### **Repurchased Mortgages**

- 7. The Originator hereby DECLARES that it shall hold any part or parts of the Scottish Trust Property that forms the subject of a repurchase in accordance with Clause 8 of the Mortgage Sale Agreement and its whole right, title and interest, therein and thereto in trust absolutely for MTS and its assignees (whether absolutely or in security) whomsoever.

### **Change of Trustee**

- 8. Except with the prior written consent of the Issuer and (for so long as it retains any right or interest in the Scottish Trust Property) the Trustee, the Originator shall not be entitled to resign office as a trustee or assume a new trustee or trustees under this deed.

### **Variation**

- 9. This deed and the trust hereby declared and created shall not be varied in any respect without the consent in writing of the Issuer and (for so long as it retains any right or interest in the Scottish Trust Property) the Trustee.

### **Assignment**

- 10. The Issuer shall be entitled to assign (in security) in favour of the Trustee pursuant to the deed of sub-charge and assignment to be entered into among the Issuer, the Trustee and others on or after the date hereof its rights and interests under this deed and the trust hereby declared and created, and the Originator and MTS hereby undertake, in the event of any such assignment being made by the Issuer, to execute and deliver all deeds and documents necessary for the purposes of receiving and acknowledging intimation of such assignment.

### **Governing Law**

- 11. This deed shall be governed by and construed in accordance with the law of Scotland and each of the parties hereby prorogates the non-exclusive jurisdiction of the Scottish Courts so far as not already subject thereto and waives any right or plea of *forum non conveniens* in respect of such jurisdiction.

**Registration**

12. The parties hereto consent to the registration of these presents for preservation.

**IN WITNESS WHEREOF** these presents typewritten on this and the preceding [three] pages are together with the Schedule annexed hereto executed in London on [•] 2007 as follows:

**SUBSCRIBED for and on behalf of the said MORTGAGE TRUST LIMITED**

By: .....

Name:

Title: Attorney

Signature: .....

Witness

Name:

Occupation:

Address:

**SUBSCRIBED for and on behalf of the said MORTGAGE TRUST SERVICES PLC**

By: .....

Name:

Title: Attorney

Signature: .....

Witness

Name:

Occupation:

Address:

**SUBSCRIBED for and on behalf of the said PARAGON MORTGAGES (NO.15) PLC**

By: .....

Name:

Title: Attorney

Signature: .....

Witness

Name:

Occupation:

Address:

**Schedule referred to in the foregoing Declaration of Trust  
by Mortgage Trust Limited with the consent of Mortgage Trust Services plc  
in favour of Paragon Mortgages (No.15) PLC**

<b>Account No.</b>	<b>Name</b>	<b>Address Property</b>	<b>of Title No./County</b>	<b>Balance</b>
--------------------	-------------	-----------------------------	----------------------------	----------------

*[Note: Last page of schedule to be signed by each signatory]*

**SCHEDULE 9**  
**LENDING GUIDELINES**

The guidelines provided by the Originators, to help introducers of mortgage loan business to the Originators to assess the suitability of a potential borrower and of the security offered, set a standard in respect of the Mortgages which, at the time that any Mortgage was originated was not substantially different from the following (which although expressed in the present tense, should be read as applying at the time of origination). On occasions flexibility to the lending guidelines may have been applied for applications that may be outside of the guidelines detailed below. Such occasions are exceptional and when they occur approval of the case must be made by a senior underwriter and only made where there are other mitigating circumstances which ensure the application remains of the highest quality:

**1. Personal Details**

- 1.1 The maximum number of applicants who may be party to the mortgage is four.
- 1.2 All applicants must be a minimum of 18 years of age at completion.
- 1.3 The identity of each applicant or guarantor (where applicable) must be established in compliance with the current Joint Money Laundering Steering Group Guidance Notes.

**2. Corporate Mortgages**

- 2.1 The applicant must be an unlisted limited liability company incorporated and trading under the laws of England and Wales or Scotland or Northern Ireland or the Isle of Man or the Channel Islands or Gibraltar.
- 2.2 The Originator may request references and/or any other information deemed necessary in connection with an application (such as company accounts, corporate searches at Companies Registry, the computerised index of winding up petitions, the manual index of High Court petitions for administration orders at the Central Registry of Winding Up Petitions, etc.).

**3. Mortgage Requirements**

- 3.1 Applications in respect of a single investment home property will usually be limited in accordance with the following table:

<i>Loan Size</i>	<i>Maximum LTV</i>
<i>Up to £500,000</i>	<i>90 per cent. Excluding fees</i>
<i>Up to £1,000,000</i>	<i>85 per cent. Excluding fees</i>
<i>Up to £5,000,000</i>	<i>80 per cent. Excluding Fees</i>

3.2 Multiple applications for investment home properties will be considered up to a total of £50,000,000 per borrower(s).

3.3 The maximum term for a loan is 40 years, the minimum is 5 years.

3.4 Loans may be taken on either a capital repayment or an interest only basis, or a combination of the two.

#### 4. **Property Details**

4.1 Loans must be secured on residential property which, following a valuation by the relevant Originator's valuer or a valuer appointed to act on the relevant Originator's behalf, or in the case of a further advance application, an assessed valuation by reference to an applicable house price index, is considered to be suitable security.

4.2 The following are unacceptable to the Originators:

- Properties located other than in the U.K.
- Freehold flats and maisonettes (except in Scotland).
- Properties designated under the Housing Act 1985 or the Housing (Scotland) Act 1987 or the Housing (Northern Ireland) Order 1983 (as amended).
- Properties having agricultural restrictions.

4.3 The following will be considered by the Originators on an individual basis:

- Properties used for part commercial purposes.
- Properties with adjoining land used for commercial purposes or having agricultural or other planning restrictions.
- Properties on which buildings insurance is not available on block policy terms.
- Flats directly attached to or directly above commercial premises.
- Properties with an element of Flying Freehold.
- Self build properties (pre and post completion).
- Local Authority Flats being purchased under the Right to Buy Scheme.

4.4 Properties under 10 years old must have the benefit of an NHBC Certificate or any other approved guarantee from an acceptable body. Architects' Certificates must also be provided for each stage of construction together with Local Authority approval in respect of properties under 10 years old that do not have the benefit of an NHBC Certificate or other approved guarantee from an acceptable body. Similar requirements may be imposed for converted properties.



- 4.5 Where loans are required on properties which are not to be used for owner occupation, they may be let on an assured shorthold tenancy basis (or, in Scotland, a short assured tenancy or, in Northern Ireland, an agreement which confers similar rights as an assured shorthold tenancy) or in circumstances where the occupier (which may include a body corporate, a charitable institution or public sector body) has no statutory security of tenure. Where the occupier is a body corporate, the maximum length of lease will normally be for a period no longer than 3 years. Where the occupier is a charitable institution or public sector body, the maximum length of lease will normally be for a period no longer than 5 years.
- 4.6 Where the tenure of the property is leasehold, the minimum length of the lease at the end of the mortgage term must be 35 years.
- 4.7 All properties must be insured for a minimum of the reinstatement amount shown on the valuation report, under a comprehensive insurance policy. See "Insurance Coverage" below.

**5. Credit History**

- 5.1 A credit search will be carried out in respect of all applicants which must provide sufficient information to evidence a satisfactory credit profile. Where the search contains insufficient information to achieve this, further evidence will be required. This may include, for example, proof of mortgage payments, or satisfactory bank statements.

**6. Income and Employment Details**

- 6.1 In the case of an investment home property, the relevant Originator will seek to rely upon the rental income generated from the property to be mortgaged. The normal minimum rental value will be 100 per cent of the associated mortgage payment when calculated on an interest only basis at either the product rate or the reference rate for portfolio customers subject to individual assessment and justification. The reference rate is based upon long term loan rates and reviewed by the Company's Credit Committee on a quarterly basis.
- 6.2 Where rental income of an investment home property is deemed insufficient to fulfil 6.1 above, evidence of additional income will be required. This may include, for example, the latest or most recent P60, an employer's reference, audited accounts or bank statements.

**SCHEDULE 10**  
**FORM OF SOLVENCY CERTIFICATE**

**[Paragon Mortgages (No.15) PLC /Paragon Mortgages Limited**  
**/Paragon Second Funding Limited / Mortgage Trust Services plc/ Mortgage Trust**  
**Limited]**

(registered in England and Wales under no. [\_\_\_\_])  
Registered Office: St. Catherine's Court, Herbert Road, Solihull,  
West Midlands, B91 3QE

[•] 2007

**SOLVENCY CERTIFICATE**

The Directors of [Paragon Mortgages (No.15) PLC/ Paragon Mortgages Limited / Paragon Second Funding Limited / Mortgage Trust Services plc/Mortgage Trust Limited] (the "Company") are of the opinion that:

- (i) the Company is not unable to pay its debts within the meaning of Section 123 Insolvency Act 1986 and will not become unable to do so in consequence of entering into the Documents as defined in the Board Resolutions of the Company dated [\_\_\_\_] (the "**Transaction Documents**") or of completing the sale of Mortgages on the date hereof pursuant to the Mortgage Sale Agreement included in the Transaction Documents (the "**Sale**") and there is no reason for believing that this state of affairs will not continue thereafter;
- (ii) the value of the consideration to be [received/paid] by the Company for entering into the Transaction Documents and completing the Sale is not significantly less than the value in money or monies worth or of the consideration provided by the Company;
- (iii) the Company is entering into the Transaction Documents and completing the Sale in good faith and for the purpose of carrying on its business;
- (iv) that the arrangements contemplated by the Transaction Documents and the Sale benefit the Company;
- (v) the value of the assets of the Company are now and will remain immediately after the completion of the Transaction Documents and the Sale greater than its liabilities, taking into account its prospective and contingent liabilities, at such times for the purposes of Sections 123(2) and 242 of the said Act (and for all other purposes) and there is no reason for believing that this state of affairs will not continue thereafter;
- (vi) the arrangements contemplated by the Transaction Documents and the Sale constitute reciprocal obligations of the Company with the other parties thereto for the purpose of section 243 of the Insolvency Act 1986 and Scottish common law and are not collusive with the purpose of prejudicing the general body of creditors of the Company;

- (vii) in entering into the Transaction Documents the Company is not influenced by a desire to give a preference to any person as contemplated by Section 239 of the Insolvency Act 1986; and
- (viii) to the best of their knowledge and belief, oral disclosure at the Central Registry of Winding-up Petitions on the date hereof failed to disclose the presentation of a winding-up petition, or the appointment of an administrator or any other material information.

Yours faithfully,

.....  
Director

[Paragon Mortgages (No.15) PLC/ Paragon Mortgages Limited / Paragon Second Funding Limited / Mortgage Trust Services plc/Mortgage Trust Limited]

**SCHEDULE 11**  
**REGISTERED TRANSFER - NORTHERN IRELAND**

**Form of Transfer of Charges**

**THE LAND REGISTRY OF NORTHERN IRELAND**

Folio Number: As listed in Column 1 of the Schedule  
County: As listed in Column 2 of the Schedule  
Property Description: As listed in Column 6 of the Schedule  
Registered Owner of Charge: Mortgage Trust Limited

THIS TRANSFER OF CHARGES is made the [ ] day of [ ] 2007

BETWEEN:

1. **MORTGAGE TRUST LIMITED** (a company registered in England and Wales having Number 2048895) whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Transferor**") of the one part; and
2. **PARAGON MORTGAGES (NO.15) PLC** (a company registered in England and Wales having Number 6212267) whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Transferee**") of the other part,

WHEREAS:

- A. By the charges (the "**Charges**") brief particulars of which are set out in the Schedule to this Deed, the properties (the "**Properties**") brief particulars of which are set out in the Schedule to this deed became security for the repayment of the amounts therein mentioned.
- B. Pursuant to a mortgage sale agreement dated July 2007 made between among others, the Transferee and Transferor, (the "**Mortgage Sale Agreement**"), the Transferor has agreed to sell and the Transferee has agreed to buy all rights, title, interest, benefit and obligation (both present and future) of the Transferor in and under the Charges for the consideration hereinafter mentioned.

**NOW THIS DEED WITNESSETH** as follows:

In consideration of the payment by the Transferee of the purchase price therefor pursuant to the Mortgage Sale Agreement, the Transferor as beneficial owner and as registered owner of the Charges (or the person entitled to be registered as owner) **HEREBY TRANSFERS** unto the Transferee all right, title, interest, benefit and obligation (both present and future) of the Transferor in and under each of the Charges, including, for the avoidance of doubt:

- (i) all sums of principal interest or any other sum payable under, and the right to demand, sue for, recover, receive and give receipts for all principal monies payable or to become payable under each of the Charges or the unpaid part thereof and the interest due or to become due thereon including sums which have accrued due and payable and interest (including capitalised interest) or other sums due to be paid or accrued under or in respect of the Charges (*provided* that the principal monies payable under any Charge shall not be deemed to be due for the purpose of this paragraph merely because the legal date for redemption of the relevant Charge has passed); and
- (ii) the obligation to make further advances of principal and/or interest where the chargee is under an obligation to make further advances whether on a scheduled basis or on demand save that, in respect of Charges where the relevant borrower is an individual, this shall not mean that the Transferor is, as against the chargor, no longer to be regarded as the creditor for the purposes of the Consumer Credit Act 1974; and
- (iii) the benefit of all securities for such principal monies and interest, the benefit of all consents to mortgage or deeds of postponement signed by occupiers of the Properties and the benefit of and the right to sue on all covenants with, or vested in, the chargee in each Charge and the right to exercise all powers of the chargee in relation to each Charge; and
- (iv) all the estate and interest in the Properties vested in the chargee (subject to any equity of redemption or cesser); and
- (v) all causes of action of the chargee against any person in connection with any report, valuation, opinion, certificate, consent to charge or other statement of fact or opinion given in connection with any Charge or affecting the decision to make the relevant advance; and
- (vi) the benefit of any right of the Transferor to apply for or receive compensation in respect of criminal damage pursuant to the Criminal Damage (Compensation) (Northern Ireland) Order 1977 in respect of the Properties; and
- (vii) the benefit of any guarantee or surety vested in the Transferor relating to any of the relevant Charges, and any other collateral security relating to the Charges;

but excluding (i) the charges on the life assurance policies (if any) charged as collateral security therefor and (ii) the Transferor's right title, interest and benefit in any other insurance contracts in relation to the Properties.

**IN WITNESS WHEREOF** the Transferor has caused this Transfer to be executed as its Deed on its behalf the day and year first before written

**Executed by:** **Mortgage Trust Limited**

**as its deed as follows:**

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

By: .....

Name:

Title: Attorney

Signature: .....

Witness

Name:

Occupation:

Address:

**Schedule referred to in the foregoing Transfer of Charges**

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>Folio No.</b>	<b>County</b>	<b>Date of Advance Registration</b>	<b>Date Borrower of Charge</b>	<b>Date Borrower</b>	<b>Property Description</b>

**SCHEDULE 12**  
**UNREGISTERED TRANSFER - NORTHERN IRELAND**

**Form of Transfer of Mortgage**

THIS TRANSFER OF MORTGAGES is made the [ ] day of [ ] 2007

BETWEEN:

1. **MORTGAGE TRUST LIMITED** (a company registered in England and Wales having Number 2048895) whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Transferor**") of the one part; and
2. **PARAGON MORTGAGES (NO.15) PLC** (a company registered in England and Wales having Number 6212267) whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE (the "**Transferee**") of the other part,

WHEREAS:

- A. By the mortgages (the "**Mortgages**") brief particulars of which are set out in the Schedule to this Deed, the properties (the "**Properties**") brief particulars of which are set out in the Schedule to this deed became security for the repayment of the amounts therein mentioned.
- B. Pursuant to a mortgage sale agreement dated July 2007 made between, among others, the Transferee and Transferor, (the "**Mortgage Sale Agreement**"), the Transferor has agreed to sell and the Transferee has agreed to buy all rights, title, interest, benefit and obligation (both present and future) of the Transferor in and under the Mortgages for the consideration hereinafter mentioned.

NOW THIS DEED WITNESSETH as follows:

In consideration of the payment by the Transferee of the purchase price therefor pursuant to the Mortgage Sale Agreement, the Transferor as beneficial owner of the Mortgages HEREBY (and in each case as applicable) GRANTS CONVEYS and ASSIGNS unto the Transferee all right, title, interest, benefit and obligation (both present and future) of the Transferor in and under each of the Mortgages and the amount payable thereunder TO HOLD the same unto the Transferee absolutely, including, for the avoidance of doubt:

- (i) all sums of principal interest or any other sum payable under, and the right to demand, sue for, recover, receive and give receipts for all principal monies payable or to become payable under each of the Mortgages or the unpaid part thereof and the interest due or to become due thereon including sums which have accrued due and payable and interest (including capitalised interest) or other sums due to be paid or accrued under or in respect of the Mortgages (*provided* that the principal monies payable under any Mortgage shall not be



deemed to be due for the purpose of this paragraph merely because the legal date for redemption of the relevant Mortgage has passed); and

- (ii) the obligation to make further advances of principal and/or interest where the mortgagee is under an obligation to make further advances whether on a scheduled basis or on demand save that, in respect of Mortgages where the relevant borrower is an individual, this shall not mean that the Transferor is, as against the mortgagor, no longer to be regarded as the creditor for the purposes of the Consumer Credit Act 1974; and
- (iii) the benefit of all securities for such principal monies and interest, the benefit of all consents to mortgage or deeds of postponement signed by occupiers of the Properties and the benefit of and the right to sue on all covenants with, or vested in, the mortgagee in each Mortgage and the right to exercise all powers of the mortgagee in relation to each Mortgage; and
- (iv) all the estate and interest in the Properties vested in the mortgagee (subject to any equity of redemption or cesser); and
- (v) all causes of action of the mortgagee against any person in connection with any report, valuation, opinion, certificate, consent to mortgage or other statement of fact or opinion given in connection with any Mortgage or affecting the decision to make the relevant advance; and
- (vi) the benefit of any right of the Transferor to apply for or receive compensation in respect of criminal damage pursuant to the Criminal Damage (Compensation) (Northern Ireland) Order 1977 in respect of the Properties; and
- (vii) the benefit of any guarantee or surety vested in the Transferor relating to any of the relevant Mortgages, and any other collateral security relating to the Mortgages;

but excluding (i) the charges on the life assurance policies (if any) charged as collateral security therefor and (ii) the Transferor's right title, interest and benefit in any other insurance contracts in relation to the Properties.

**IN WITNESS WHEREOF** the Transferor has caused this Transfer to be executed as its Deed on its behalf the day and year first before written.

**Executed by:** **Mortgage Trust Limited**

**as its deed as follows:**

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

By: .....

Name:

Title: Attorney

Signature: .....

Witness

Name:

Occupation:

Address:

**Schedule referred to in the foregoing Transfer of Mortgages**

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>Property Description</b>	<b>County</b>	<b>Date of Advance</b>	<b>Registration Date of Mortgage</b>	<b>Borrower</b>	<b>Serial Number of Mortgage at Registry of Deeds</b>

**SCHEDULE 13**  
**FORM OF PML/MTL NON-VERIFIED MORTGAGE REQUEST**

**[Letterhead of Paragon Second Funding Limited]**

To: [Paragon Mortgages Limited / Mortgage Trust Services plc]  
St. Catherine's Court Herbert Road  
Solihull  
West Midlands B91 3QE  
Paragon Mortgages (No.15) PLC  
St. Catherine's Court Herbert Road  
Solihull  
West Midlands B91 3QE

and

Citicorp Trustee Company Limited  
Citigroup Centre, 14th Floor  
Canada Square  
Canary Wharf  
London E14 5LB  
(in its capacity as Trustee)

Dear Sirs

[Date]

**Non-Verified Mortgages**

Pursuant to Clause 2.2 of the Mortgage Sale Agreement between, among others, us dated [●] 2007 (the "MSA") we hereby request that the Non-Verified Mortgages, to be identified in a schedule to be produced on or before the date referred to below, be purchased by [Paragon Mortgages Limited / Mortgage Trust Services plc] for a sum no greater than the then current balance standing to the credit of the Pre-Funding Reserve Ledger (which, for the avoidance of doubt, excludes the FRS 26 Adjustment which will be funded pursuant to the Subordinated Loan Agreement) on \_\_\_\_\_.

Pursuant to Clause 3.2 of the MSA, Paragon Mortgages (No.15) PLC will be required to purchase the specified Non-Verified Mortgages from [Paragon Mortgages Limited / Mortgage Trust Services plc].

Yours faithfully

---

Paragon Second Funding Limited