

PARAGON MORTGAGES (NO. 15) PLC
as the Issuer

and

CITICORP TRUSTEE COMPANY LIMITED
as the Trustee

relating to

Issue of Mortgage Backed Notes by the Issuer

TRUST DEED

19 July 2007

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THIS TRUST DEED is dated 19 July 2007

BETWEEN:

- (1) **PARAGON MORTGAGES (NO. 15) PLC**, (the "**Issuer**"), a company incorporated with limited liability in England and Wales with registered number 6212267 whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE; and
- (2) **CITICORP TRUSTEE COMPANY LIMITED**, (the "**Trustee**", which expression shall, wherever the context so admits, include such company and all other persons or companies for the time being the trustee or trustees of these presents) whose principal London office is at Citigroup Centre, 14th Floor, Canada Square, Canary Wharf, London E14 5LB.

Background:

- (A) By resolutions of the Board of Directors of the Issuer passed on 25 July 2007 the Issuer has resolved to issue the Notes, all of such Notes to be constituted and secured in the manner appearing hereinafter and in the Deed of Charge.
- (B) The Trustee has agreed to act as trustee for the Noteholders of these presents (including the security constituted in or pursuant to the Deed of Charge) upon and subject to the terms and conditions of these presents.

THE PARTIES AGREE as follows:

1. DEFINITIONS AND INTERPRETATION

- 1.1 In these presents, including the recitals hereto, unless there is anything in the subject or context inconsistent therewith the expressions defined in the Relevant Documents and Conditions (each as defined below) shall, unless otherwise defined in this Clause 1.1, or in the recitals above, have the same meanings in this Agreement except so far as the context otherwise requires:

"**A1 Note Conditional Purchaser**" means J.P. Morgan Chase Bank, N.A.;

"**Additional Interest**" in relation to the Class B Notes and the Class C Notes has the meaning ascribed thereto in Condition 4;

"**Administration Agreement**" means the administration agreement dated on or about the date of this Trust Deed between each Administrator, PML, MTS (in its capacity as Seller), MTL, the Issuer and the Trustee and any other agreement for the time being in force to which the Trustee is a party appointing other Administrators, all as from time to time supplemented or modified in accordance with the provisions contained in these presents and in the Administration Agreement;

"**Administrator**" has the meaning ascribed thereto in the Administration Agreement;

"Affiliate" means any corporation, other than the Issuer, which in relation to the person concerned is a holding company or a subsidiary of, or a subsidiary of any holding company of, a corporation (or a subsidiary of a corporation), at least one-third of the issued equity share capital of which is beneficially owned by, the person concerned or an Affiliate thereof under the preceding part of this definition;

"Agency Agreement" means the agency agreement dated on or about the date of this Trust Deed appointing the initial Registrar, Principal Paying Agent, the U.S. Paying Agent and Reference Agent in respect of the Notes, and any other agreement for the time being in force appointing further or other Registrars, Paying Agents or another Reference Agent in respect of the Notes, or in connection with their duties, the terms of which in each case have been previously approved in writing by the Trustee, together with any agreement for the time being in force amending or modifying with the prior written approval of the Trustee any of the aforesaid agreements;

"Agents" means the Principal Paying Agent, the U.S. Paying Agent, the Reference Agent and the Registrar;

"Auditors" means the auditors for the time being of the Issuer, or in the event of their being unable or unwilling to carry out any action requested of them pursuant to the provisions of these presents, such other firm of accountants as may be nominated or approved by the Trustee after consultation with the Issuer;

"Authorised Investments" has the meaning ascribed thereto in the Administration Agreement;

"Basis Hedge Agreement" means each interest rate exchange agreement entered into by the Issuer and a Basis Hedge Provider dated on or about the date of this Trust Deed and any confirmations entered into pursuant thereto;

"Basis Hedge Provider" means each of JPMorgan Chase Bank N.A. and ABN AMRO Bank N.V., London Branch and/or any other bank or financial institution acting as the Basis Hedge Provider under a Basis Hedge Agreement which, if not a party to the Deed of Charge, undertakes in a manner and form reasonably satisfactory to the Trustee to be bound by the Deed of Charge as if it were a party thereto in the capacity of a Secured Party;

"Beneficial Noteholder" means each person having a Book-Entry Interest;

"Benefit Plan" means a pension, profit-sharing or other employee benefit plan, including an individual retirement account or Keogh plan subject to ERISA and/or Section 4975 of the US Revenue Code;

"Book-Entry Interests" means the beneficial ownership interests in the Global Notes, the ownership of which shall be evidenced, and transfers of which shall be made, through book entries by DTC, Euroclear or Clearstream, Luxembourg from time to time as described herein;

"**Borrower**" has the meaning ascribed thereto in the Administration Agreement;

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

"**Class A Global Notes**" means, the Class A Global Note with respect to each class of the Class A Notes or, as the context may require, with respect to a particular class of Class A Notes;

"**Class A Noteholders**" means the several persons who are for the time being Holders (as defined in Condition 1(d)) of the Class A Notes (irrespective of class) (being, if and to the extent that the Class A Notes are represented by the Definitive Class A Notes, the holders thereof and, if and to the extent that the Class A Notes are represented by the Class A Global Notes, the persons for the time being shown in the records of DTC, Euroclear and Clearstream, Luxembourg (other than Clearstream, Luxembourg if Clearstream, Luxembourg shall be an account holder of Euroclear and other than Euroclear if Euroclear shall be an account holder of Clearstream, Luxembourg) as being holders of the Class A Notes) in which regard any certificate or other document issued by DTC, Clearstream, Luxembourg or Euroclear as to the principal amount of Class A Notes standing to the account of any person shall be conclusive and binding for all purposes hereof (other than for the purposes of payments in respect thereof the right to which shall be vested, as against the Issuer and the Trustee, solely in the holder of the Class A Global Notes in accordance with and subject to their respective terms and the terms of these presents) and the words "**holder**" and "**holders**" shall (where appropriate) be construed accordingly;

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

- (a) the \$1,000,000,000 Class A1 mortgage backed floating rate notes due 2039 (the "**Class A1 Notes**"),
- (b) the £209,500,000 Class A2a mortgage backed floating rate notes due 2039 (the "**Class A2a Notes**"),
- (c) the €110,000,000 Class A2b mortgage backed floating rate notes due 2039 (the "**Class A2b Notes**"), and
- (d) the \$150,000,000 Class A2c mortgage backed floating rate notes due 2039 (the "**Class A2c Notes**"),

hereby constituted or the amount thereof from time to time outstanding or, as the context may require, a specific number thereof and includes the Class A Global Note of each class (or any part thereof) and the Definitive Class A Notes of each class (or any of them);

"**Class A2 Notes**" means the Class A2a Notes and the Class A2b Notes;

"**Class B Global Notes**" means, the Class B Global Note with respect to each class of the Class B Notes or, as the context may require, with respect to a particular class of Class B Notes;

"**Class B Noteholders**" means the several persons who are for the time being Holders (as defined in Condition 1(d)) of the Class B Notes (irrespective of class) (being, if and to the extent that the Class B Notes are represented by the Definitive Class B Notes, the holders thereof and, if and to the extent that the Class B Notes are represented by the Class B Global Notes, the persons for the time being shown in the records of Euroclear and Clearstream, Luxembourg (other than Clearstream, Luxembourg if Clearstream, Luxembourg shall be an account holder of Euroclear and other than Euroclear if Euroclear shall be an account holder of Clearstream, Luxembourg) as being holders of the Class B Notes) in which regard any certificate or other document issued by Clearstream, Luxembourg or Euroclear as to the principal amount of Class B Notes standing to the account of any person shall be conclusive and binding for all purposes hereof (other than for the purposes of payments in respect thereof the right to which shall be vested, as against the Issuer and the Trustee, solely in the holder of the Class B Global Notes in accordance with and subject to their respective terms and the terms of these presents) and the words "**holder**" and "**holders**" shall (where appropriate) be construed accordingly;

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

- (a) the £17,000,000 Class B1a mortgage backed floating rate notes due 2039 (the "**Class B1a Notes**"), and
- (b) the €85,500,000 Class B1b mortgage backed floating rate notes due 2039 (the "**Class B1b Notes**"),

hereby constituted or the amount thereof from time to time outstanding or, as the context may require, a specific number thereof and includes the Class B Global Note of each class (or any part thereof) and the Definitive Class B Notes of each class (or any of them);

"**Class B Option**" has the meaning ascribed thereto in the Post Enforcement Call Option Deed;

"**Class C Global Notes**" means, the Class C Global Note with respect to each class of the Class C Notes or, as the context may require, with respect to a particular class of Class C Notes;

"**Class C Noteholders**" means the several persons who are for the time being Holders (as defined in Condition 1(d)) of the Class C Notes (irrespective of class) (being, if and to the extent that the Class C Notes are represented by the Definitive Class C Notes, the holders thereof and, if and to the extent that the Class C Notes are represented by the Class C Global Notes, the persons for the time being shown in the records of Euroclear and Clearstream, Luxembourg (other than Clearstream, Luxembourg if Clearstream, Luxembourg shall be an account holder of Euroclear and other than Euroclear if Euroclear shall be an account holder of Clearstream, Luxembourg) as being holders of the Class C Notes) in which regard any certificate or other document issued by Clearstream, Luxembourg or Euroclear as to the principal amount of Class C

Notes standing to the account of any person shall be conclusive and binding for all purposes hereof (other than for the purposes of payments in respect thereof the right to which shall be vested, as against the Issuer and the Trustee, solely in the holder of the Class C Global Notes in accordance with and subject to their respective terms and the terms of these presents) and the words "**holder**" and "**holders**" shall (where appropriate) be construed accordingly;

"Class C Notes" means the €110,500,000 Class C1b mortgage backed floating rate notes due 2039 (the "**Class C1b Notes**") hereby constituted or the amount thereof from time to time outstanding or, as the context may require, a specific number thereof and includes the Class C Global Note and the Definitive Class C Notes;

"**Class C Option**" has the meaning ascribed thereto in the Post Enforcement Call Option Deed;

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

"**Collection Accounts**" has the meaning ascribed thereto in the Administration Agreement;

"**Collection Account Declarations of Trust**" has the meaning ascribed thereto in the Administration Agreement;

"**Common Depository**" means Citibank N.A., London Branch as common depository for Euroclear and Clearstream, Luxembourg;

"**Conditions**" means, the Conditions applicable to each class of the Notes in the form set out in Schedule 4 (but, so long as the Notes of a particular class are represented by the Global Notes of that class, with the deletion therefrom of those provisions which are applicable only to the Definitive Notes of that class), as the same may from time to time be modified in accordance with these presents and any reference in these presents to a particular numbered Condition shall be construed accordingly;

"**Current Balance**" means, in respect of a Mortgage, the outstanding balance thereof including arrears of interest and all other sums which have fallen due for payment but remain unpaid under such Mortgage;

"**Deed of Charge**" means the Deed of Sub-Charge and Assignment dated on or about the date of this Trust Deed made between the Issuer, the Trustee, PFPLC (in its capacity as Subordinated Lender, as Issue Services Provider and as Administrator), MTS (in its capacity as Seller, Administrator and Subordinated Lender), MTL, PML, the Currency Swap Provider, the Basis Hedge Providers, the Tender Agent, the Remarketing Agent, the A1 Note Conditional Purchaser, the Agents, the Flexible Drawing Facility Provider (if any) and the Substitute Administrator as from time to time modified in accordance with the provisions contained in these presents;

"Deferred Interest" in relation to the Class B Notes and the Class C Notes has the meaning ascribed thereto in Condition 4;

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

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

"Definitive Class C Notes" means the notes in definitive registered form to be issued in respect of the Class C Notes, pursuant to, and in the circumstances specified in, Clause 3.2 and includes any replacements for the Definitive Class C Notes issued pursuant to Condition 11;

"Definitive Notes" means the Definitive Class A Notes, Definitive Class B Notes and the Definitive Class C Notes or any of them (if any);

"Distribution Compliance Period" means the period ending 40 days after the later of the commencement of the offering of the Notes and the Closing Date;

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

"DTC Custodian" means Citibank, N.A., London Branch as custodian for DTC;

"DTC Participant" means a participant in DTC;

"Enforcement Notice" has the meaning ascribed thereto in Condition 9;

"ERISA" means the United States Employee Retirement Income Security Act of 1974, as amended;

"Euroclear" means Euroclear Bank S.A./N.V. or any successor in business thereto;

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

"Exchange Act" means the United States Securities Exchange Act of 1934, as amended;

"Extraordinary Resolution" has the meaning set out in paragraph 20 of Schedule 3;

"First Loss Fund" has the meaning ascribed thereto in the Administration Agreement;

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

"**Global Reg S Notes**" has the meaning ascribed thereto in Condition 1(b) and comprise:

- (a) a "**Global A1 Reg S Note**" in respect of the Class A1 Notes;
- (b) a "**Global A2a Reg S Note**" in respect of the Class A2a Notes;
- (c) a "**Global A2b Reg S Note**" in respect of the Class A2b Notes;
- (d) a "**Global A2c Reg S Note**" in respect of the Class A2c Notes;
- (e) a "**Global B1a Reg S Note**" in respect of the Class B1a Notes;
- (f) a "**Global B1b Reg S Note**" in respect of the Class B1b Notes; and
- (g) a "**Global C1b Reg S Note**" in respect of the Class C1b Notes.

"**Global Rule 144A Notes**" has the meaning ascribed thereto in Condition 1(b) and comprises a "**Global A1 Rule 144A Note**" in respect of the Class A1 Notes which are Rule 144A Notes and a "**Global A2c Rule 144A Note**" in respect of the Class A2c Notes which are Rule 144A Notes;

"**Initial Principal Amount**" means the initial face principal amount of that Note upon issue of the relevant Global Note relating to that Note;

"**Insurance Contracts**" has the meaning ascribed thereto in the Deed of Charge;

"**Interest Period**" has the meaning ascribed thereto in Condition 4;

"**Lending Guidelines**" has the meaning ascribed thereto in the Mortgage Sale Agreement;

"**Monthly Payment**" has the meaning ascribed thereto in the Administration Agreement;

"**Mortgage Sale Agreement**" means the agreement dated on or about the date of this Trust Deed between PML, MTS (in its capacity as Seller and Administrator), MTL, PFPLC, the Warehouser, the Issuer and the Trustee, whereby the Issuer acquired or is to acquire the Mortgages, as from time to time supplemented or modified;

"**Mortgages**" has the meaning ascribed thereto in the Mortgage Sale Agreement;

"**MTL**" means Mortgage Trust Limited, a company incorporated in England and Wales with registered number 2048895, whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE;

"**MTS**" means Mortgage Trust Services plc, a company incorporated in England and Wales with registered number 3940202, whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE;

"**NatWest**" means National Westminster Bank Plc;

"Noteholders" means the Class A Noteholders and/or Class B Noteholders and/or the Class C Noteholders or any of them;

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

"offshore transaction" has the meaning ascribed to such term in Regulation S;

"outstanding" means all the Notes issued other than:

- (a) those Notes which have been redeemed in full and cancelled pursuant to Condition 5 or otherwise pursuant to these presents;
- (b) those Notes in respect of which the date for redemption in full in accordance with the Conditions has occurred and the redemption moneys for which (including all interest payable thereon) have been duly paid to the Trustee or to the Principal Paying Agent in the manner provided in the Agency Agreement (and, where appropriate, notice to that effect has been given to the Noteholders in accordance with Condition 12) and remain available for payment;
- (c) those Notes which have been cancelled in accordance with Condition 5;
- (d) those Definitive Notes which have become void under Condition 8;
- (e) those mutilated or defaced Definitive Notes which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Condition 11;
- (f) (for the purpose only of ascertaining the amount of Definitive Notes outstanding and without prejudice to the status for any other purpose of the relevant Definitive Notes) those Definitive Notes which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to Condition 11;
- (g) the Global Notes to the extent that they shall have been exchanged for the Definitive Notes, pursuant to the provisions contained therein and in these presents;

provided that for each of the following purposes, namely:

- (a) the right to attend and vote at any meeting of the Noteholders;
- (b) the determination of how many and which Notes are for the time being outstanding for the purposes of Clause 7.1 and Clause 18, Conditions 9, 10 and 13 and paragraphs 2, 5, 6 and 9 of Schedule 3;
- (c) any discretion, power or authority contained in these presents which the Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of any of the Noteholders; and

- (d) the determination by the Trustee whether any of the events specified in Condition 9 is materially prejudicial to the interests of the Noteholders,

those Notes (if any) which are for the time being held beneficially by or for the account of the Issuer, PFPLC, PML, MTS, MTL, the Administrator or any of their respective subsidiaries or holding companies or other subsidiaries of such holding companies shall (unless and until ceasing to be so held or, in the case of the Issuer, cancelled) be deemed not to remain outstanding;

"Paragon VAT Group" has the meaning ascribed thereto in the Administration Agreement;

"Paying Agents" means the persons (including where the context permits the Principal Paying Agent) initially appointed as Paying Agent by the Issuer pursuant to the Agency Agreement and/or such other or further paying agents in respect of the Notes as may (with the prior written approval of, and on terms previously approved in writing by, the Trustee) from time to time be appointed by the Issuer pursuant to the Agency Agreement and/or such other or further Specified Offices, (in the former case being within the same city as those for which they are substituted) as may from time to time be nominated, in each case by the Issuer pursuant to the Agency Agreement and (except in the case of the initial Paying Agents) notice of whose appointment or of which nomination has been given to the Noteholders pursuant to Clause 12(M) in accordance with Condition 12;

"PFPLC" means Paragon Finance PLC, a company incorporated in England and Wales with registered number 1917566 whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE;

"PML" means Paragon Mortgages Limited, a company incorporated in England and Wales with registered number 2337854 whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE;

"Post Enforcement Call Option Deed" means the post enforcement call option deed dated on or about the date of this Trust Deed between POPLC and the Trustee;

"Principal Amount Outstanding" has the meaning ascribed thereto in Condition 5(b)(i);

"Principal Liability Outstanding" has the meaning ascribed thereto in Condition 5(b)(i);

"Principal Paying Agent" means Citibank, N.A., London Branch at its office at Citigroup Centre, 21st Floor, Canada Square, Canary Wharf, London E14 5LB, or such other Principal Paying Agent in respect of the Notes for the time being as may have been appointed as such by the Issuer with the prior written approval of, and on terms previously approved in writing by, the Trustee and (except in the case of the initial Principal Paying Agent) notice of whose appointment has been given to the Noteholders pursuant to Clause 12(M) in accordance with Condition 12;

"**Property**" has the meaning ascribed thereto in the Mortgage Sale Agreement;

"**Qualified Institutional Buyer**" means a "qualified institutional buyer" as defined in Rule 144A under the Securities Act;

"**Rating Agencies**" means Moody's Investors Service Limited ("**Moody's**") of 2 Minster Court, Mincing Lane, London EC3R 7XB, Standard & Poor's Rating Services, a division of The McGraw-Hill Companies Inc. ("**Standard and Poor's**"), of 20 Canada Square, Canary Wharf, London E14 5LH, and Fitch Ratings ("**Fitch**"), of Eldon House, 2 Eldon Street, London EC2M 7UA;

"**Reference Agent**" means Citibank, N.A., London Branch at its office at Citigroup Centre, 21st Floor, Canada Square, Canary Wharf, London E14 5LB, or such other Reference Agent in respect of the Notes as may (with the prior approval of, and on terms previously approved in writing by, the Trustee) from time to time be appointed as such by the Issuer and (except in the case of the initial Reference Agent) notice of whose appointment has been given to the Noteholders pursuant to Clause 12(M) in accordance with Condition 12;

"**Reference Banks**" means the several banks named as such in Condition 4 or such other reference banks as may (with the prior written approval of, and on terms previously approved in writing by, the Trustee) from time to time be appointed as such by the Issuer in accordance with Condition 4 and (except in the case of the initial Reference Banks) notice of whose appointment has been given to the Noteholders pursuant to Clause 12(M) in accordance with Condition 12;

"**Registrar**" means Citibank, N.A., London Branch;

"**Regulation S**" means Regulation S under the Securities Act;

"**Relevant Documents**" has the meaning ascribed thereto in Condition 3;

"**repay**", "**redeem**" and "**pay**" shall each include both the others and "**repaid**", "**repayable**" and "**repayment**", "**redeemed**", "**redeemable**" and "**redemption**" and "**paid**", "**payable**" and "**payment**" shall be construed accordingly;

"**Secured Amounts**" has the meaning ascribed thereto in the Deed of Charge;

"**Secured Parties**" has the meaning ascribed thereto in the Deed of Charge;

"**Securities Act**" means the United States Securities Act of 1933, as amended;

"**Security**" means the Charged Property as that term is defined in the Deed of Charge;

"**Similar Benefit Plan Law**" means any federal, state or local law substantially similar to Section 406 of ERISA or Section 4975 of the U.S. Revenue Code;

"**Subordinated Lender**" has the meaning ascribed thereto in the Deed of Charge and "**Subordinated Lenders**" shall be construed accordingly;

"Subordinated Loan Agreement" means the Subordinated Loan Agreement dated on or about the date of this Trust Deed between the Subordinated Lenders, the Issuer and the Trustee, as from time to time varied, supplemented or modified in accordance with its terms and these presents;

"Substitute Administrator" means Homeloan Management Limited, a company incorporated under the laws of England and Wales (registered number 2214839) whose registered office is at 1 Providence Place, Skipton, North Yorkshire, BD23 2HL;

"Substitute Administrator Agreement" means the Substitute Administrator Agreement dated on or about the date of this Trust Deed between, among others, the Administrators, the Issuer, the Trustee and the Substitute Administrator, as from time to time varied, supplemented or modified in accordance with its terms and these presents;

"these presents" means this Trust Deed and the Schedules and any Trust Deed supplemental hereto and the Schedules (if any) thereto and the Deed of Charge, all as from time to time supplemented or modified in accordance with the provisions contained in these presents and where applicable, therein;

"The Stock Exchange" means the London Stock Exchange plc;

"Transfer Certificates" means a duly completed and executed letter substantially in the form of either Part A or Part B of Schedule 5;

"Transaction Account" has the meaning ascribed thereto in the Administration Agreement;

"Trust Corporation" means a corporation entitled by rules made under the Public Trustee Act 1906 to act as a custodian trustee or entitled pursuant to any other comparable legislation applicable to a trustee in any other jurisdiction to carry out the functions of a custodian trustee and shall be deemed to include Citicorp Trustee Company Limited;

"Trustee Acts" means both the Trustee Act 1925 and the Trustee Act 2000 of England and Wales;

"U.S. Paying Agent" means Citibank, N.A., New York branch at its office at 388 Greenwich Street, 14th Floor, New York, N.Y. 10043, USA;

"U.S. person" has the meaning ascribed to such term in Regulation S;

"U.S. Revenue Code" means the United States Internal Revenue Code of 1986, as amended;

"VAT Declaration of Trust" means the Declaration of Trust dated 19 March 1993 executed by PFPLC, under its then name "The National Home Loans Corporation plc" as amended and restated from time to time, and as the same may be further supplemented amended and restated from time to time (including by a Supplemental

Deed of Declaration of Trust dated on or about the date of this Trust Deed), under which PFPLC has declared that the moneys standing to the credit of the VAT Account are to be held on trust for the benefit of the Issuer (*inter alios*) in the circumstances more particularly described therein;

"**Warehouser**" means Paragon Second Funding Limited a company incorporated in England and Wales with registered number 2637506 whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE;

- (A) words denoting the singular number only shall include the plural number also and *vice versa*;
- (B) words denoting one gender only shall include the other genders; and
- (C) words denoting persons only shall include firms and corporations and *vice versa*.
- (D) All references in these presents to "**pounds**", "**sterling**", "**pounds sterling**", "**GBP**" or the sign "£" shall be construed as references to the lawful currency for the time being of the United Kingdom. All references in these presents to "**EUR**", "**euro**" or the sign "€" shall be construed as references to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty of Rome of 25 March 1957, as amended from time to time. All references in these presents to "\$", "**USD**" or "**dollars**" are to the lawful currency for the time being of the United States of America.
- (E) All references in these presents to any provision of any statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such re-enactment.
- (F) Unless the context otherwise requires words or expressions contained in these presents shall bear the same meanings as in the Companies Act 1985.
- (G) Unless the context otherwise requires, in this Trust Deed references to Schedules, Clauses, sub-clauses, paragraphs and sub-paragraphs shall be construed as references to the Schedules to this Trust Deed and to the Clauses, sub-clauses, paragraphs and sub-paragraphs of this Trust Deed respectively and, unless otherwise stated, references to sub-clauses are references to sub-clauses of the Clause in which the reference appears.
- (H) References in these presents to any action, remedy or method of judicial proceeding for the enforcement of the rights of creditors shall be deemed to include, in respect of any jurisdiction other than England and Wales, references to such action, remedy or method of judicial proceeding for the enforcement of the rights of creditors available or appropriate in such jurisdiction as shall most nearly approximate to such action, remedy or method of judicial proceeding described or referred to in these presents.
- (I) Any reference to and the definition of any document (including this Trust Deed) shall be deemed to be a reference to such document as from time to time amended,

supplemented, modified or replaced (in whole or in part), but disregarding any amendment, supplement, variation or replacement taking place in breach of the terms of these presents.

- (J) Any reference in these presents to any party or person includes any person deriving title therefrom and any of their respective successors or assigns.
- (K) Terms not defined herein but defined in the Conditions shall, unless the context otherwise requires, bear the same meaning herein.
- (L) For the purposes of this Trust Deed and the Conditions, a Mortgage shall be "**more than three months in arrears**" at any time if at such time amounts totalling in aggregate more than three times the then current Monthly Payment due from the Borrower under such Mortgage have not been paid and/or have been capitalised (in each case otherwise than as a result of a Flexible Drawing Advance) within the twelve months immediately preceding such time.
- (M) For the purposes of this Trust Deed and the Conditions, a Mortgage shall be "**more than two months in arrears**" at any time if at such time amounts totalling in aggregate more than two times the then current Monthly Payment due from the Borrower under such Mortgage have not been paid and/or have been capitalised (in each case otherwise than as a result of a Flexible Drawing Advance) within the twelve months immediately preceding such time.

2. **AMOUNT OF THE NOTES AND COVENANT TO REPAY NOTES AND PAY INTEREST ON THE NOTES; TRUSTEE'S REQUIREMENTS FOLLOWING AN EVENT OF DEFAULT**

2.1 The aggregate principal amount of:

- (A) the Class A1 Notes is limited to \$1,000,000,000;
- (B) the Class A2a Notes is limited to £209,500,000;
- (C) the Class A2b Notes is limited to €110,000,000;
- (D) the Class A2c Notes is limited to \$150,000,000;
- (E) the Class B1a Notes is limited to £17,000,000;
- (F) the Class B1b Notes is limited to €85,500,000; and
- (G) the Class C1b Notes is limited to €110,500,000.

- 2.2 The Issuer hereby covenants with the Trustee that it will, in accordance with the terms of the Notes (including the Conditions) and these presents, on the due date for the final maturity thereof as specified in such Conditions, or on each such earlier date as the Notes, or any of them or any part thereof, may become repayable thereunder (whether in full or in part), pay or procure to be paid unconditionally to or to the order of the Trustee in pounds sterling, euro or U.S. dollars, as applicable, in London or New

York, as applicable, for immediate value the principal amount of such Notes repayable or in the case of a partial payment of such Notes, the principal amount payable thereon, subject to and in accordance with the terms of such Notes (including the Conditions), on that date and shall, subject to the terms of such Notes (including the Conditions), in the meantime and until such payment as well after as before any judgment or other order of a court of competent jurisdiction pay or procure to be paid unconditionally to or to the order of the Trustee as aforesaid (a) interest on the Principal Amount Outstanding of the Notes then outstanding and any interest, Deferred Interest or Additional Interest at the respective rates calculated from time to time in accordance with and on the dates provided for in the Conditions and (b) principal payable at such times and in such amounts as may be determined in accordance with Condition 5, **provided that**:

- (A) every payment of principal or interest in respect of the Notes (including, for the avoidance of doubt any Deferred Interest and/or Additional Interest) to or to the account of the Principal Paying Agent in the manner provided in the Agency Agreement shall operate in satisfaction *pro tanto* of the relative covenant in relation to such Notes by the Issuer in this Clause contained except to the extent that there is default in the subsequent payment thereof by the Principal Paying Agent to or to the order of the relevant Noteholder in accordance with the provisions of the relevant Global Note or Definitive Note;
- (B) (in the case of Definitive Notes) in the case of any payment of principal made to the Trustee or the Principal Paying Agent after the due date or on or after accelerated maturity following an Event of Default, interest shall continue to accrue on such principal at the rate aforesaid up to and including the date (being not later than 30 days after the day on which the whole of such principal together with an amount equal to the interest which has accrued and is to accrue up to and including that date, has been received by the Trustee or the Principal Paying Agent) which the Trustee determines to be the date on and after which payment is to be made to the relevant Noteholders in respect thereof as stated in a notice given to the relevant Noteholders in accordance with Condition 12, **provided that**, payment is in fact made;
- (C) (in the case of Definitive Notes) in any case where payment of the whole or any part of the principal amount due in respect of any Note is improperly withheld or refused (other than in circumstances contemplated by Clause 2.2(B)) interest shall accrue on that principal amount or part thereof payment of which has been so withheld or refused at the rate aforesaid from the date of such withholding or refusal until the date on which notice is given in accordance with Condition 12 as the case may be that the full amount in the relevant Note Currency payable in respect of such Note is available for payment **provided that** payment is in fact made;
- (D) (in the case of any of the Global Notes) in the case of any payment of principal made to the Trustee or the Principal Paying Agent after the due date

or on or after accelerated maturity following an Event of Default or in any other case where payment of the whole or any part of the principal amount due in respect thereof is not made to or to the order of the relevant Noteholder in accordance with the provisions of the relevant Global Note on the due date therefor, interest shall continue to accrue on such principal amount at the rate aforesaid up to and including the date on which the whole of such principal amount, together with an amount equal to the interest which has accrued up to and including that date, has been paid to or to the order of the relevant Noteholder;

(E) (in the case of any Definitive Notes) in any case where payment of the whole or any part of the amount of interest (including for the avoidance of doubt, Deferred Interest and/or Additional Interest and other interest on interest) due in respect of any Definitive Note is improperly withheld or refused (other than because the due day is not a Local Business Day as defined in Condition 6) interest shall accrue on that whole amount or part thereof, as the case may be, payment of which has been so withheld or refused at the rate aforesaid from the date of such withholding or refusal until the date on which notice is given in accordance with Condition 12 that the full amount (together with the sum accrued pursuant to this Clause 2.2(B)) in the relevant Note Currency payable in respect of such interest is available for payment **provided that** payment is in fact made; and

(F) (in the case of any of the Global Notes) in the case of any payment made to the Trustee or the Principal Paying Agent in any other case where payment of the whole or any part of the amount of interest (including for the avoidance of doubt Deferred Interest and/or Additional Interest and other interest on interest) due in respect of the relevant Global Note is not made to or to the order of the relevant Noteholder in accordance with the provisions of the relevant Global Note and this Clause 2 on the due date therefor, interest shall accrue on that whole amount or part thereof, as the case may be, at the rate aforesaid up to and including the date on which the whole of such amount, together with an amount equal to the interest which has accrued pursuant to this Clause 2.2(F), has been paid to or to the order of the relevant Noteholder.

2.3 At any time after an Event of Default (or any condition, event or act which, with the giving of notice and/or the lapse of time and/or the issue of a certificate would constitute an Event of Default) in respect of the Notes shall have occurred or at any time after Definitive Notes have not been issued when so required in accordance with the provisions of these presents, the Trustee may:

(A) by notice in writing to the Issuer, the Registrar, the Principal Paying Agent, the other Paying Agent(s) and the Reference Agent require the Registrar, the Principal Paying Agent, the other Paying Agent(s) and the Reference Agent pursuant to the Agency Agreement:

- (1) to act thereafter as Registrar, Principal Paying Agent and Paying Agent(s) and Reference Agent respectively of the Trustee in relation to payments to be made by or on behalf of the Trustee under the provisions of these presents *mutatis mutandis* on the terms provided in the Agency Agreement (save that the Trustee's liability under any provisions thereof for the indemnification of the Registrar, the Paying Agents and the Reference Agent shall be limited to that amount for the time being held by the Trustee on the relative trusts of these presents which is available to be applied by the Trustee for such purpose) and thereafter to hold all Definitive Notes and all sums, documents and records held by them in respect of the Notes on behalf of the Trustee; or
 - (2) to deliver up all Definitive Notes and all sums, documents and records held by them in respect of such Notes to the Trustee or as the Trustee shall direct in such notice **provided that** such notice shall be deemed not to apply to any documents or records which the relevant Registrar, Paying Agent or Reference Agent is obliged not to release by any law or regulation; and
- (B) by notice in writing to the Issuer require it to make all subsequent payments in respect of the Notes to or to the order of the Trustee and not to the Principal Paying Agent and, with effect from the issue of any such notice to the Issuer and until such notice is withdrawn, proviso (A) to Clause 2.2 shall cease to have effect.

3. **FORM OF, ISSUE OF AND DUTIES AND TAXES ON, GLOBAL NOTES; ISSUE OF DEFINITIVE NOTES**

3.1 Issue of Global Notes

- (A) The Notes of each class will be issued initially in global fully registered form.

Each class of Notes sold in the United States or to U.S. persons who are also Qualified Institutional Buyers in reliance on Rule 144A under the Securities Act (or, in the case of the initial sale of such Notes, in reliance on Section 4(2) of the Securities Act) will be issued in the form of a permanent Global Rule 144A Note in fully registered form without interest coupons, deposited with the DTC Custodian and registered in the name of DTC (or its nominee).

Each class of Notes sold to non-U.S. persons in offshore transactions in reliance on Regulation S will be represented by permanent Global Reg S Notes in fully registered form without interest coupons, deposited with the Common Depositary as custodian for, and registered in the name of, or a nominee of, the Common Depositary for the respective accounts of Euroclear and Clearstream, Luxembourg.

The Global Notes shall be exchangeable to the extent provided in Clauses 3.8 and Clause 3.9.

- (B) Each Global Note shall be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders), substantially in the form set out in Schedule 1.
- (C) The Issuer shall procure that, prior to the issue and delivery of each Global Note, each such Global Note will be:
- (1) signed on behalf of the Issuer by a director of the Issuer or a duly authorised person designated by the Issuer; and
 - (2) authenticated manually or by facsimile by or by an authorised signatory on behalf of the Registrar on the Closing Date;

and no Global Note shall be valid for any purpose unless and until so signed and authenticated on the Closing Date in respect thereof. A Global Note so executed and authenticated shall be a binding and valid obligation of the Issuer, notwithstanding that such duly authorised person no longer holds that office at the time the Registrar authenticated the relevant Global Notes. Each Note shall be dated the date of its authentication.

The Issuer may use on any of the Global Notes the facsimile signature of any person who is a director of the Issuer on the date such signature is affixed notwithstanding the fact that when such Global Notes shall be delivered such person may have ceased to be a director.

- (D) The Issuer shall procure that, prior to the issue and delivery of each Note, each Note and Global Note shall not be valid for any purpose unless and until so authenticated.
- (E) The terms of the Notes set forth in Schedule 1 are part of the terms of this Trust Deed and are incorporated into this Trust Deed by reference.
- (F) Title to the Notes shall only pass by and upon the registration in the Register in respect thereof in accordance with the provisions of the Agency Agreement.
- (G) Until it (or part thereof) has been exchanged pursuant to these presents, each Global Note (or part thereof) shall in all respects be entitled to the same benefits as a Definitive Note as the case may be and each Global Note shall be subject to the provisions of these presents except that the relevant Noteholder thereof shall be the only person entitled to receive payments of principal and interest as set out therein.
- (H) The procedures as regards the exchange, authentication, delivery, surrender, cancellation and presentation of the Global Notes, and the procedures as regards marking down of the Global Notes (or part thereof), and any other matters to be carried out by the relevant parties upon such exchange (in whole or part) shall be made in accordance with the provisions of the relevant Global Notes, the Agency Agreement and the rules and procedures of DTC,

Euroclear and Clearstream, Luxembourg, as applicable, for the time being. If any Note is mutilated, defaced, lost, stolen or destroyed, such Note shall, upon evidence of such mutilation, defacement, loss, theft or destruction being given to the Issuer and the Trustee, become void and the Issuer shall procure that immediately after the Registrar is provided with such evidence the Registrar shall deliver to the registered Holder thereof a duly executed and authenticated replacement Global Note or Definitive Note, as the case may be in accordance with Condition 11 and the Agency Agreement.

- (I) The Issuer may in its sole discretion demand that the Holder of (a) any interest in a Global Rule 144A Note held by a U.S. person who is determined not to have been a Qualified Institutional Buyer at the time of acquisition of such Note and (b) any interest in a Global Reg S Note held by a U.S. person at the time of acquisition of such interest, if such acquisition occurred prior to the first Business Day that is 40 days after the later of the commencement of the offering of the Notes and the Closing Date, in each case, sell such interest to a Holder that is permitted to hold such interest in accordance with the terms of this Deed and, if the Holder does not comply with such demand within 30 days of such demand, the Issuer may sell such Holder's interest in such Notes.

3.2 Issue of Definitive Notes

(A) If:

- (1) (in the case of Global Reg S Notes) either Euroclear and Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business, or
- (2) (in the case of the Global Rule 144A Notes) DTC has notified the Issuer that it is at any time unwilling or unable to continue as the Holder with respect to that Global Rule 144A Note or is at any time unwilling or unable to continue as, or has ceased to be, a "clearing agency" (as defined in the Exchange Act) registered under the Exchange Act, and a successor to DTC registered as a clearing agency under the Exchange Act is not able to be appointed by the Issuer within 90 days of such notification or cessation, or
- (3) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political sub-division thereof) or of any authority therein or thereof having power to tax or in the interpretation by such an authority or a court of, or in the administration of, such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the Notes which would not be required were the relevant Notes in definitive physical form,

then the Issuer shall (at the Issuer's expense and subject to Clause 3.2(C) below), within 30 days of the occurrence of the relevant event, but in any event not prior to the expiry of the Distribution Compliance Period, issue Definitive Notes in exchange for the whole (or the remaining part(s) outstanding) of the relevant Global Note.

- (B) The procedures to be carried out by the relevant parties upon such exchange shall be made in accordance with the provisions of the relevant terms of the relevant Global Note in respect of which exchange is to be made, this Trust Deed and the Agency Agreement and the relevant rules and procedures of DTC, Euroclear and Clearstream, Luxembourg, as applicable, for the time being. For the avoidance of doubt, if Definitive Notes are issued, the beneficial interests represented by a Global Reg S Note shall be exchanged by the Issuer for Definitive Reg S Notes of the class of Notes represented by that Global Reg S Note and the beneficial interests represented by a Global Rule 144A Note shall be exchanged by the Issuer for Definitive Rule 144A Notes of the class of Notes represented by that Global 144A Note.
- (C) Notwithstanding the foregoing provisions of this Clause 3.2, the Issuer shall not be obliged to issue Definitive Notes until the later of (a) the first Business Day following the expiry of the Distribution Compliance Period, and (b) 30 days after the occurrence of the relevant event or request. All such Definitive Notes shall be held by the Principal Paying Agent and shall not be delivered to the relevant Noteholders until the same are requested to be so delivered. The records in the Register in relation to each Global Note shall be marked-down in respect of those Definitive Notes which are so delivered, as appropriate.
- 3.3 The Issuer shall notify the Trustee forthwith upon the occurrence of any of the events referred to in Clauses 3.2(A)(1), 3.2(A)(2) or 3.2(A)(3) and shall, unless the Trustee agrees otherwise, promptly give notice thereof and of its obligations to issue Definitive Notes to the relevant Noteholders in accordance with Condition 12 as the case may be.
- 3.4 If Definitive Notes are issued, such Definitive Notes shall be payable or distributable to the relevant Noteholder in the form set out in Schedule 2, and the Definitive Notes shall be issued in the denominations specified in Condition 1(b), as applicable, each (serially numbered) and shall be endorsed with the relevant Conditions. Title to the Definitive Notes shall pass by and upon the registration in the Register in respect thereof in accordance with the provisions of the Agency Agreement.
- 3.5 If Definitive Notes are issued, such Definitive Notes shall be issued only in registered form and signed manually or in facsimile by two of the Directors of the Issuer. The Issuer may use the facsimile signature of any person who at the date of printing of the Definitive Notes is a Director of the Issuer notwithstanding that at the time of issue of any of the Definitive Notes he may have ceased for any reason to be the holder of such office and the Definitive Notes so executed shall be binding and valid obligations of the Issuer. The Issuer shall procure that, prior to their issue, the Definitive Notes will be authenticated by an authorised signatory of the Registrar and none of the Definitive

Notes appertaining thereto shall be valid for any purpose unless and until so authenticated.

- 3.6 The Issuer will pay any stamp and other duties and taxes payable in the United Kingdom, Belgium, Luxembourg or, in the case of the USD Notes, sold to Qualified Institutional Buyers, in the United States on or in connection with (i) the execution of these presents (ii) the constitution and original issue and delivery of the Notes and (iii) any action taken by the Trustee or (where permitted under these presents so to do), any Noteholder to enforce the provisions of the Notes or these presents.
- 3.7 If the Issuer becomes obliged to issue, or procure the issue of, Definitive Notes pursuant to Clause 3.2(A)(3) but fails to do so within 30 days of the occurrence of the relevant event described in Clause 3.2(A)(3) then the Issuer shall indemnify the Trustee and the relevant Noteholders, and keep them indemnified against any loss or damage incurred by any of them if the amount received by the Trustee or the relevant Noteholders is less than the amount that would have been received had Definitive Notes been issued. If and for so long as the Issuer discharges its obligations under this indemnity, the breach by the Issuer of the provisions of Clause 3.2(A)(3) shall be deemed to be cured *ab initio*.
- 3.8 So long as a Global Note remains outstanding and is held by or on behalf of DTC or the Common Depositary, as the case may be, transfers of such Global Note, in whole or in part, shall only be made in accordance with this Clause 3.8 and Clause 3.9. Any purported transfer of a Note not in accordance with this Clause 3.8 and Clause 3.9 shall be null and void and shall not be given effect for any purpose.

(A) Global Rule 144A Note to Global Reg S Note

If a holder of a beneficial interest in a Global Rule 144A Note wishes at any time to exchange its interest in such Global Rule 144A Note for an interest in the corresponding Global Reg S Note, or to transfer its interest in such Global Rule 144A Note to a person who wishes to take delivery thereof in the form of an interest in the corresponding Global Reg S Note, such holder, provided such holder or the transferee, as applicable, is not a U.S. person, may, subject to the rules and procedures of DTC, exchange or transfer such interest for an equivalent beneficial interest in the corresponding Global Reg S Note.

Upon receipt by the Registrar of:

- (1) instructions given in accordance with DTC's procedures from a DTC Participant directing the Registrar to credit or cause to be credited a beneficial interest in the corresponding Global Reg S Note, but not less than the minimum denomination applicable to such holder's Notes, in an amount equal to the beneficial interest in the Global Rule 144A Note to be exchanged or transferred;
- (2) a written order given in accordance with DTC's procedures containing information regarding the participant account of DTC and the Euroclear

or Clearstream, Luxembourg account to be credited with such increase;
and

- (3) a Transfer Certificate given by the holder of such beneficial interest stating that the exchange or transfer of such interest has been made in compliance with the transfer restrictions applicable to the Global Notes, including that the holder or the transferee, as applicable, is not a U.S. person, and pursuant to and in accordance with Regulation S;

then the Registrar shall instruct DTC to reduce the principal amount of the Rule 144A Global Note and instruct the Common Depository to increase the principal amount of the Global Reg S Note, as the case may be, by the aggregate principal amount of the beneficial interest in the Rule 144A Global Note to be transferred or exchanged, and to credit to the securities account of the person specified in such instructions a beneficial interest in the corresponding Global Reg S Note equal to the reduction in the principal amount of the Rule 144A Global Note;

(B) Global Reg S Note to Global Rule 144A Note

If a holder of a beneficial interest in a Global Reg S Note wishes at any time to exchange its interest in such Global Reg S Note for an interest in the corresponding Global Rule 144A note or to transfer its interest in such Global Reg S Note to a person who wishes to take delivery thereof in the form of an interest in the corresponding Global Rule 144A Note, such holder may, subject to the following paragraph and to the rules and procedures of Euroclear, Clearstream, Luxembourg and/or DTC, as the case may be, exchange or transfer such interest for an equivalent beneficial interest in the corresponding Global Rule 144A Note.

Upon receipt by the Registrar of:

- (1) instructions from Euroclear, Clearstream, Luxembourg and/or DTC, as the case may be, directing the Registrar to cause to be credited a beneficial interest in the corresponding Global Rule 144A Note in an amount equal to the beneficial interest in such Global Reg S Note, but not less than the minimum denomination applicable to such holder's Notes, to be exchanged or transferred, such instructions to contain information regarding the DTC Participant's account with DTC to be credited with such increase;
- (2) the Transfer Certificates given by the holder of such beneficial interest, stating, among other things, that, in the case of a transfer, the person transferring such interest in such Global Reg S Note reasonably believes that the person acquiring such interest in a Global Rule 144A Note is a Qualified Institutional Buyer and is obtaining such beneficial interest in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or

any other jurisdiction or that, in the case of an exchange, the holder is a Qualified Institutional Buyer; and

- (3) a Transfer Certificate given by the proposed transferee stating that it is a Qualified Institutional Buyer;

then the Registrar will instruct the Common Depositary to reduce, or cause to be reduced, the Global Reg S Note by the aggregate principal amount of the beneficial interest in the Global Reg S Note to be transferred or exchanged and the Registrar shall instruct DTC, concurrently with such reduction, to credit or cause to be credited to the securities account of the person specified in such instructions a beneficial interest in the corresponding Global Rule 144A Note equal to the reduction in the principal amount of the Global Reg S Note.

(C) Transfers involving Definitive Notes

If Definitive Notes have been issued pursuant to Clause 3.2(A) and a holder of a beneficial interest in a Global Rule 144A Note, Global Reg S Note, Definitive Rule 144A Note or Definitive Reg S Note, as the case may be, wishes to exchange its interest in such Note for an interest in a Global Rule 144A Note, Global Reg S Note, Definitive Rule 144A Note or Definitive Reg S Note, as the case may be, or to transfer its interest in such Note to a person who wishes to take delivery thereof in the form of an interest in a Global Rule 144A Note, Global Reg S Note, Definitive Rule 144A Note or Definitive Reg S Note, such holder, subject to the rules and procedures of Euroclear, Clearstream, Luxembourg and/or DTC, as the case may be, may exchange or transfer such interest for an equivalent beneficial interest in a Global Rule 144A Note, Global Reg S Note, Definitive Rule 144A Note or Definitive Reg S Note, as the case may be. The Registrar must receive the appropriate Transfer Certificates given by the holder of such beneficial interest and, if applicable, the transferee. Any such transfers or exchanges may only be made in accordance with the terms of this Trust Deed and the Notes.

3.9 Each person who becomes a Beneficial Noteholder of Notes represented by an interest in a Global Note or a Definitive Note will be deemed or, in the case of a Definitive Note, required to have represented, warranted and agreed as follows:

(A) In connection with the purchase of the Notes:

- (1) none of the Issuer or the Managers is acting as a fiduciary or financial or investment adviser for such Beneficial Noteholder;
- (2) such Beneficial Noteholder is not relying (for purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of the Issuer or the Managers other than any statements in a current offering circular for such Notes;

- (3) such Beneficial Noteholder has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers to the extent it has deemed necessary and has made its own investment decisions (including decisions regarding the suitability of any transaction pursuant to the Trust Deed) based upon its own judgment and upon any advice from such advisers as it has deemed necessary and not upon any view expressed by the Issuer or the Managers;
 - (4) such Beneficial Noteholder is (i) in the case of a Global Rule 144A Note, a Qualified Institutional Buyer and (ii) in the case of an owner of a beneficial interest in the Global Reg S Note, not a U.S. person and is acquiring the Notes in reliance on the safe harbour from the registration requirements of the Securities Act provided by Regulation S; and
 - (5) such Beneficial Noteholder is acquiring its interest in the Notes for its own account or, in the case of a Global 144A Note, as a fiduciary or agent for others (which others also are Qualified Institutional Buyers) for investment purposes and not for distribution in violation of the Securities Act, and such Beneficial Noteholder is able to bear the economic risk of an investment in the Notes and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of purchasing the Notes.
- (B) On each day from the date on which such Beneficial Noteholder acquires such Note through and including the date on which such Beneficial Noteholder disposes of its interests in such Note, in connection with the purchase of the Notes, either:
- (1) Such Beneficial Noteholder is not a Benefit Plan, an entity whose underlying assets include the assets of any Benefit Plan, or a plan that is subject to any Similar Benefit Plan Law; or
 - (2) Such Beneficial Noteholder's purchase, holding and disposition of such Note will, if it would otherwise be a prohibited transaction, satisfy the requirements for exemptive relief under Prohibited Transaction Class Exemptions 96-23, 95-60, 91-38, 90-1, 84-14 for purposes of ERISA, or any similar exemption (or, in the case of a plan subject to Similar Benefit Plan Law, will not result in a non-exempt violation of such Similar Benefit Plan Law).
- (C) Such Beneficial Noteholder understands that the Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, the Notes have not been and will not be registered under the Securities Act, and, if in the future such Beneficial Noteholder decides to offer, resell, pledge or otherwise transfer the Notes, such Notes may be offered, resold, pledged or otherwise transferred only in accordance with the provisions of this Trust Deed and the legend on such

Notes. Such Beneficial Noteholder acknowledges that no representation has been made as to the availability of any exemption under the Securities Act or any state securities laws for resale of the Notes.

- (D) Such Beneficial Noteholder is aware that, except as otherwise provided in this Trust Deed, Notes being sold to it, if any, in reliance on Regulation S will be represented by one or more permanent Global Reg S Notes, and that beneficial interests therein may be held only through Euroclear or Clearstream, Luxembourg.
- (E) Such Beneficial Noteholder understands that any resale or other transfer of beneficial interests in a Global Reg S Note prior to expiry of the Distribution Compliance Period to U.S. persons, and any resale or other transfer of beneficial interests in a Global Rule 144A Note to any person other than a Qualified Institutional Buyer shall not be permitted.
- (F) Such Beneficial Noteholder understands and agrees that the Trustee shall have no responsibility or obligation to any Beneficial Noteholder, a member of, or a participant in, DTC or other person with respect to the accuracy of the records of DTC or its nominee or of any participant or member thereof, with respect to any ownership interest in the Notes or with respect to the delivery to any participant, member, Beneficial Noteholder or other person (other than DTC) of any notice (including any notice of redemption) or the payment of any amount or delivery of any Notes (or other security or property) under or with respect to such Notes. All notices and communications to be given to the Holders and all payments to be made to Holders in respect of the Notes shall be given or made only to or upon the order of the registered Holders (which shall be DTC or its nominee in the case of a Global Rule 144A Note). The Trustee may rely and shall be fully protected in relying upon information furnished by DTC with respect to its members, participants and any Beneficial Noteholders.
- (G) Such Beneficial Noteholder will provide notice to each person to whom it proposes to transfer any interest in the Notes of the transfer restrictions and representations set forth in this Clause 3.9 and the Schedules referenced in this Clause 3.9.
- (H) Such Beneficial Noteholder understands that the Issuer will treat the Notes as indebtedness for U.S. federal income tax purposes. Such Beneficial Noteholder agrees to treat its interest in the Notes for U.S. federal income tax purposes as indebtedness.

4. COVENANT OF COMPLIANCE

- 4.1 The Issuer hereby covenants with the Trustee that it will comply with and perform and observe all the provisions of these presents which are expressed to be binding on it. The Conditions shall be binding on the Issuer, the Trustee and the Noteholders. The

Trustee shall be entitled to enforce the obligations of the Issuer under the Notes and the Conditions as if the same were set out and contained in these presents which shall be read and construed as one document with the Notes. The provisions contained in Schedule 3 shall have effect in the same manner as if herein set forth.

5. CANCELLATION OF NOTES

- 5.1 The Issuer shall procure that all Notes (i) which have been redeemed in full or (ii) (in the case of Definitive Notes) which, being mutilated or defaced, have been surrendered and replaced pursuant to Condition 11 shall forthwith be cancelled by or on behalf of the Issuer and a certificate stating (a) the aggregate principal amount of the Definitive Notes which have been redeemed in full and the aggregate amounts of principal and interest paid in respect of the Global Notes (b) the serial numbers of such Definitive Notes and (c) the aggregate principal amounts of Definitive Notes which have been so surrendered and replaced and the serial numbers of such Definitive Notes shall be given to the Trustee by or on behalf of the Issuer as soon as possible and in any event within four months after the date of such redemption, payment, replacement or exchange (as the case may be). The Trustee may accept such certificate as conclusive evidence of repayment, purchase or replacement *pro tanto* of the Notes or payment of interest thereon respectively and of cancellation of the relative Notes.
- 5.2 The Issuer shall procure that the Registrar shall keep a full and complete record of all Notes and of their redemption by the Issuer, payment, exchange or cancellation (as the case may be) and of all replacement Notes issued in substitution for lost, stolen, mutilated, defaced or destroyed Definitive Notes and such records shall be made available to the Trustee at all reasonable times.

6. ENFORCEMENT

- 6.1 At any time after the Notes, or any of them, shall have become due and repayable in full in accordance with the Conditions and shall not have been repaid, but subject to the provisions of Clauses 6.4 and 7 and Conditions 9 and 10, the Trustee may at its discretion and without further notice take such steps and/or institute such proceedings as it may think fit against the Issuer and/or such steps as it may think fit to enforce the Security and to enforce repayment of the Notes together with accrued interest and any other moneys payable pursuant to these presents **provided that** the Trustee shall be bound by the terms of the Deed of Charge in determining the priority in which any moneys received by it shall be applied.
- 6.2 Should the Trustee take legal proceedings against the Issuer to enforce any of the provisions of the Notes, or any of them or these presents, proof therein that, as regards any Note, the Issuer has made default in paying any principal or interest due in respect of such Note shall (unless the contrary be proved) be sufficient evidence that the Issuer has made the like default as regards all other Notes in respect of which the relevant payment is then due.

6.3 The rates of interest payable in respect of each class of the Notes (with the exception of the Class A1 Notes) in the event of the Notes having become due and repayable in full and not having been repaid shall be calculated at three-monthly intervals or, in the case of the Class A1 Notes, at monthly intervals (unless and until the Class A1 Notes are purchased by the A1 Note Conditional Purchaser in accordance with the Class A1 Note Mandatory Transfer Arrangements), commencing on the expiry of the Interest Period during which the Notes become so due and repayable *mutatis mutandis* in accordance with the provisions of Condition 4 except that no notices need be given in respect thereof.

6.4

- (A) So long as any of the Class A Notes remains outstanding, if the Class A Notes have become due and payable pursuant to the Conditions otherwise than by reason of a default in payment of any amount due on the Class A Notes, the Trustee will not be entitled to dispose of the Security unless either a sufficient amount would be realised to allow discharge in full of all amounts owing to the Class A Noteholders and any other amounts payable by the Issuer ranking in priority thereto or *pari passu* therewith or the Trustee is of the opinion, reached after considering at any time and from time to time the advice of a merchant bank or other financial adviser selected by the Trustee, that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing to the Class A Noteholders and any other amounts payable by the Issuer ranking in priority thereto or *pari passu* therewith.
- (B) **Provided that** all of the Class A Notes have been redeemed in full, so long as any of the Class B Notes remains outstanding, if the Class B Notes have become due and payable pursuant to the Conditions otherwise than by reason of a default in payment of any amount due on the Class B Notes, the Trustee will not be entitled to dispose of the Security unless either a sufficient amount would be realised to allow discharge in full of all amounts owing to the Class B Noteholders appertaining thereto and any other amounts payable by the Issuer ranking in priority thereto or *pari passu* therewith or the Trustee is of the opinion, reached after considering at any time and from time to time the advice of a merchant bank or other financial adviser selected by the Trustee, that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing to the Class B Noteholders and any other amounts payable by the Issuer ranking in priority thereto or *pari passu* therewith.

- (C) **Provided that** all of the Class A Notes and all of the Class B Notes have been redeemed in full, so long as any of the Class C Notes remains outstanding, if the Class C Notes have become due and payable pursuant to the Conditions otherwise than by reason of a default in payment of any amount due on the Class C Notes, the Trustee will not be entitled to dispose of the Security unless either a sufficient amount would be realised to allow discharge in full of all amounts owing to the Class C Noteholders appertaining thereto and any other amounts payable by the Issuer ranking in priority thereto or *pari passu* therewith or the Trustee is of the opinion, reached after considering at any time and from time to time the advice of a merchant bank or other financial adviser selected by the Trustee, that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing to the Class C Noteholders and any other amounts payable by the Issuer ranking in priority thereto or *pari passu* therewith.
- (D) The Trustee will not be liable for any decline in the value, nor any loss realised upon any sale or other dispositions made pursuant to the Deed of Charge, of any Security or any other property which is charged to the Trustee by any other person in respect of or relating to the obligations of the Issuer or any third party in respect of the Issuer or the Notes or relating in any way to the property contained in the Security or in respect of or connected with PFPLC or any company within the same group of companies as PFPLC. Without prejudice to the foregoing, and without limitation, the Trustee shall not be liable for any such decline or loss directly or indirectly arising from its acting, or failing to act, as a consequence of an opinion reached by it in good faith based on advice received by it in accordance with Clauses 6.4(A), (B) and (C) above.

7. PROCEEDINGS

- 7.1 The Trustee shall not be bound to take any such proceedings or steps as are mentioned in Clause 6.1 or any other proceedings pursuant to or in connection with these presents, the Notes or any of them, or to give any notice pursuant to Condition 9 unless respectively directed or requested to do so (i) by an Extraordinary Resolution of the Class A Noteholders or the Class B Noteholders or the Class C Noteholders, as appropriate, or (ii) in writing by the Holders of at least one-quarter of the aggregate GBP Equivalent Initial Principal Amount of the Class A Notes (irrespective of class), the Class B Notes (irrespective of class) outstanding or the Class C Notes (irrespective of class) outstanding, as appropriate (it being noted that at any meeting or resolution of the Class A Noteholders, the Class B Noteholders or the Class C Noteholders, as the case may be, the same voting rights attach to all classes of the Class A Notes and all classes of the Class B Notes and all classes of the Class C Notes, as the case may be), and in such a case then only if it shall be indemnified to its satisfaction against all action, proceedings, claims and demands to which it may thereby render itself liable

and all costs, charges, damages and expenses which it may incur by so doing **provided that:**

- 7.1.1 so long as any of the Class A Notes remains outstanding, the Trustee shall not, and shall not be bound to, act at the request or direction of the Class B Noteholders or the Class C Noteholders as aforesaid unless (x) so to do would not in its opinion be materially prejudicial to the interests of the Class A Noteholders of any class or (y) such action is sanctioned by an Extraordinary Resolution of the Class A Noteholders or (z) unless, none of the Class A Notes remain outstanding; and
- 7.1.2 if no Class A Notes remain outstanding and so long as any of the Class B Notes remains outstanding, the Trustee shall not, and shall not be bound to, act at the request or direction of the Class C Noteholders as aforesaid unless (x) so to do would not in its opinion be materially prejudicial to the interests of the Class B Noteholders of any class or (y) such action is sanctioned by an Extraordinary Resolution of the Class B Noteholders or (z) unless, none of the Class B Notes remain outstanding.
- 7.2 Only the Trustee may enforce (i) the Security created in favour of the Trustee by, and contained in or granted pursuant to, the Deed of Charge or any other security or (ii) the provisions of these presents, the Notes (including the Conditions) and no Noteholder and no Holder of a Global Note and no Secured Party shall be entitled to enforce such security or to proceed directly against the Issuer to enforce the performance of any of the provisions of these presents or of the Notes (including the Conditions) unless the Trustee having become bound as aforesaid to take steps or proceedings fails to do so within a reasonable period and such failure shall be continuing, and then only if and to the extent that such Holder or other person is able to do so under applicable law.
- 7.3 For the purpose of Conditions 5(c) and 5(d), the Trustee shall not be satisfied that the Issuer will be in a position to discharge the liabilities as therein referred to unless, *inter alia*, either (i) the Issuer will have available to it sufficient cash in the Transaction Account and/or in Authorised Investments which will mature on or before the relevant Interest Payment Date (as defined in the Conditions) after making any other payments or provisions having priority in order of application under the applicable provisions of the Deed of Charge or (ii) the Issuer has entered into a legally binding contract with an entity either whose long term unsecured and unguaranteed debt is rated AAA by Fitch, Aaa by Moody's and AAA by Standard and Poor's or whose short term unsecured and unguaranteed debt securities are rated at least F1 by Fitch (or, in the case of an amount equal to the First Loss Fund, F1+), P-1 by Moody's and at least A-1 (or, in the case of an amount equal to the First Loss Fund, A-1+) by Standard and Poor's to provide sufficient cash on or before the relevant Interest Payment Date to enable the Issuer to discharge its liabilities as aforesaid.

8. NOTICE OF PAYMENT

The Trustee shall give notice to the relevant Noteholders in accordance with Condition 12 of the day fixed for any payment to them under clause 8.2 of the Deed of Charge. Such payment may be made in accordance with Condition 6 (in the case of Definitive Notes) or to the order of the Noteholder (in the case of the relevant Global Notes) and such payment so made or made by the Trustee to the Principal Paying Agent for such purposes shall be a good discharge to the Trustee.

9. INVESTMENT BY TRUSTEE

9.1 If the amount of the moneys at any time available for the payment of principal and interest in respect of the Class A Notes, the Class B Notes or the Class C Notes as the case may be, under clause 8.2 of the Deed of Charge shall be less than 10 per cent. of the aggregate GBP Equivalent Principal Liability Outstanding of the Notes then outstanding, the Trustee may at its discretion invest such moneys in any Authorised Investments with power from time to time at its discretion to vary such investments and such investments with the resulting income therefrom may be accumulated until the accumulations together with any other funds for the time being under the control of the Trustee and available for such purpose shall amount to a sum being not less than 10 per cent. of the aggregate GBP Equivalent Principal Liability Outstanding of the Notes then outstanding and then such accumulations and funds shall be applied in the manner provided in clause 8.2 of the Deed of Charge.

9.2 Any moneys which under the trusts of these presents ought to or may be invested by the Trustee may be invested in the name or under the control of the Trustee in any Authorised Investments and the Trustee may at any time or times vary any such Authorised Investments into other Authorised Investments and shall not be responsible for any loss due to depreciation in value, or otherwise resulting from any such Authorised Investments.

10. PARTIAL PAYMENTS

In the case of Definitive Notes, upon any payment under clause 8.2 of the Deed of Charge (other than payment in full against surrender of a Definitive Note), the Trustee shall cause the Registrar to make appropriate annotations in the Register.

11. THE POST ENFORCEMENT CALL OPTION

11.1 The Trustee is entering into the Post Enforcement Call Option Deed in order to acknowledge that the Trustee (on behalf of the Class B Noteholders) is bound by, and the Class B Notes are issued subject to, the Class B Option but does so entirely without warranty, responsibility or liability on the part of the Trustee personally. So as to give full effect to the Class B Option, and as stated in Condition 10 it is hereby acknowledged that each of the Class B Noteholders, by subscribing for or purchasing the Class B Notes, shall upon such subscription or purchase be deemed to have agreed to be bound by, and to the extent necessary to have ratified, the Trustee's entry into the Post Enforcement Call Option Deed. Upon the exercise of the Class B Option by

POPLC or any assignee under the Post Enforcement Call Option Deed, no former Class B Noteholder shall have any further rights or interests in respect of the Class B Notes but the unpaid interest on and principal of the Class B Notes shall be due and payable to POPLC.

- 11.2 The Trustee shall, for the purposes of Condition 10, certify the date on which the Security has been enforced and realised to the maximum extent possible and the respective shares of the remaining proceeds thereof paid to the Class B Noteholders, and shall give to POPLC at least two Business Days' prior notice of such certification in order to enable POPLC to exercise the Class B Option on the date of exercise of the Class B Option as set out in Condition 10.
- 11.3 The Trustee is entering into the Post Enforcement Call Option Deed in order to acknowledge that the Trustee (on behalf of the Class C Noteholders) is bound by, and the Class C Notes are issued subject to, the Class C Option but does so entirely without warranty, responsibility or liability on the part of the Trustee personally. So as to give full effect to the Class C Option, and as stated in Condition 10 it is hereby acknowledged that each of the Class C Noteholders, by subscribing for or purchasing the Class C Notes, shall upon such subscription or purchase be deemed to have agreed to be bound by, and to the extent necessary to have ratified, the Trustee's entry into the Post Enforcement Call Option Deed. Upon the exercise of the Class C Option by POPLC or any assignee under the Post Enforcement Call Option Deed, no former Class C Noteholder shall have any further rights or interests in respect of the Class C Notes but the unpaid interest on and principal of the Class C Notes shall be due and payable to POPLC.
- 11.4 The Trustee shall, for the purposes of Condition 10 certify the date on which the Security has been enforced and realised to the maximum extent possible and the respective shares of the remaining proceeds thereof paid to the Class C Noteholders, and shall give to POPLC at least two Business Days' prior notice of such certification in order to enable POPLC to exercise the Class C Option on the date of exercise of the Class C Option as set out in Condition 10.

12. **COVENANTS BY THE ISSUER**

So long as any of the Notes remains outstanding the Issuer shall:

- (A) at all times carry on and conduct its affairs in a proper and efficient manner;
- (B) give to the Trustee such information and evidence as it shall require and in such form as it shall require (including but without prejudice to the generality of the foregoing the procurement by the Issuer of all such certificates called for by the Trustee pursuant to Clause 14.1(C) and Clause 14.1(BB)) for the purpose of the discharge of the duties, trusts, powers, authorities and discretions vested in it under these presents, any other Relevant Document, or by operation of law;

- (C) cause to be prepared and certified by the Auditors in respect of each financial year, accounts in such form as will comply with the requirements for the time being of the Companies Act 1985, The Stock Exchange and the Administration Agreement;
- (D) at all times keep proper books of account and allow the Trustee and any person appointed by the Trustee to whom the Issuer shall have no reasonable objection free access to such books of account at all reasonable times during normal business hours;
- (E) send to the Trustee (in addition to any copies to which it may be entitled as a holder of any securities of the Issuer) four copies of every balance sheet, profit and loss account, report, circular and notice of general meeting and every other document issued or sent to its shareholders together with any of the foregoing, and every document issued or sent to holders of securities other than its shareholders (including the Noteholders) as soon as practicable after the issue or publication thereof;
- (F) annually, or if sooner, upon becoming aware thereof, give notice in writing to the Trustee of the occurrence of any Event of Default or any condition, event or act which with the giving of notice and/or the lapse of time and/or the issue of a certificate would constitute an Event of Default;
- (G) give to the Trustee (a) within seven days after demand by the Trustee therefor and (b) (without the necessity for any such demand) promptly after the publication of its audited accounts in respect of each financial period commencing with the financial period ending on 30 September 2007 and in any event not later than 180 days after the end of each such financial period a certificate of the Issuer signed by two Directors of the Issuer to the effect that as at a date not more than seven days before delivering such certificate (the "**relevant date**") there did not exist and had not existed since the relevant date of the previous certificate (or in the case of the first such certificate the date hereof) any Event of Default or any condition, event or act which with the giving of notice and/or the lapse of time and/or the issue of a certificate would constitute an Event of Default (or if such exists or existed specifying the same) and that during the period from and including the relevant date of the last such certificate (or in the case of the first such certificate the date hereof) to and including the relevant date of such certificate the Issuer has complied with all its obligations contained in these presents and in each of the other Relevant Documents or (if such is not the case) specifying the respects in which it has not complied;
- (H) at all times execute and do all such further documents, acts and things as may be necessary at any time or times in the opinion of the Trustee to give effect to these presents and each of the other Relevant Documents;

- (I) at all times maintain a Registrar, Reference Agent, Reference Banks and Paying Agents in accordance with Conditions 4 and 6;
- (J) procure the Principal Paying Agent to notify the Trustee forthwith in the event that it does not, on or before the due date for any payment in respect of the Notes (or any of them), receive unconditionally pursuant to the Agency Agreement payment of the full amount in the relevant Note Currency of the moneys payable in accordance with the Conditions on such due date in respect of all such Notes;
- (K) in the case of Definitive Notes, in the event of the unconditional payment to the Principal Paying Agent of any sum due in respect of the Notes (or any of them) being made after the due date for payment thereof forthwith give or procure to be given Notice to the Noteholders in accordance with Condition 12, that such payment has been made;
- (L) use reasonable endeavours to:
- (1) make or cause to be made an application to the Financial Services Authority, in its capacity as UK Listing Authority (the "**U.K. Listing Authority**") for the Notes to be admitted to the official list maintained by the U.K. Listing Authority (the "**Official List**") and an application to the regulated market of the London Stock Exchange for the Notes to be admitted to trading on the Gilt Edged and Fixed Interest Market of the Stock Exchange; and
 - (2) maintain such admission of the Notes to the Official List and trading on the Gilt Edged and Fixed Interest Market of the Stock Exchange (including compliance with the continuing obligations applicable to the Issuer by virtue of the admission of the Notes thereto),
- or, if it is unable to do so having used reasonable endeavours, use reasonable endeavours to obtain and maintain a quotation or listing of the Notes on such other stock exchange or exchanges or securities market or markets as the Issuer may (with the prior written approval of the Trustee) decide and shall also use reasonable endeavours to procure that there will at all times be furnished to such other stock exchange or securities market such information as the relevant stock exchange or securities market may require to be furnished in accordance with its requirements and shall also upon obtaining a quotation or listing of the Notes on such other stock exchange or exchanges or securities market or markets enter into a deed supplemental to this Trust Deed to effect such consequential amendments to these presents as the Trustee may require or as shall be requisite to comply with the requirements of any such stock exchange or securities market;
- (M) give notice to the Noteholders and to the Rating Agencies in accordance with Condition 12 of any appointment, resignation or removal of the Registrar, the

Reference Agent or any Reference Bank or Paying Agent (other than the appointment of the initial Registrar, Reference Agent, Reference Bank and Paying Agent) after having obtained the approval of the Trustee thereto or change of any Paying Agent's Specified Office and (except as provided by the Agency Agreement) at least 30 days prior to such event taking effect; **provided that** so long as any of the Notes remains outstanding, in the case of the termination of the appointment of the Registrar, the Reference Agent or the Principal Paying Agent, no such termination shall take effect until a new Registrar, Reference Agent or Principal Paying Agent (in the City of London) has been appointed on terms approved by the Trustee;

- (N) obtain the prior written approval of the Trustee to, and promptly give to the Trustee, or ensure that the Trustee receives, four copies of the form of every notice given to the Noteholders in accordance with Condition 12;
- (O) comply with and perform all its obligations under the Agency Agreement and use its best endeavours to procure that the Registrar, Reference Agent and the Paying Agents comply with and perform all their respective obligations thereunder and not make any amendment or modification thereto without the prior written approval of the Trustee;
- (P) in order to enable the Trustee to ascertain the number of Notes for the time being outstanding for any of the purposes referred to in the proviso to the definition of "outstanding" contained in Clause 1, deliver to the Trustee forthwith upon being so requested in writing by the Trustee a certificate in writing signed by two Directors of the Issuer setting out separately in relation to the Notes (and distinguishing between the Principal Amount Outstanding of each class of the Class A Notes, the Class B Notes and the Class C Notes respectively) which are at the date of such certificate beneficially held by or for PFPLC, PML, MTS (in its capacity as Seller), MTL or each Administrator or any of their respective subsidiaries or holding companies or other subsidiaries of such holding companies to the best of the Issuer's knowledge;
- (Q) at all times comply with and perform all its obligations under these presents and under the Relevant Documents and use its best endeavours to procure that the other parties thereto, other than the Trustee, comply with and perform all their respective obligations thereunder and not make any amendment or modification thereto or agree to waive or authorise any breach thereof without the prior written approval of the Trustee and the Rating Agencies;
- (R) not at any time approve or agree or consent to any act or thing whatsoever under these presents without the prior written approval of the Trustee and do, or refrain from doing, any act or thing in relation thereto as the Trustee may require;

- (S) at all times comply with any direction given by the Trustee in relation to the Security;
- (T) promptly give notice to the Noteholders in accordance with Condition 12 of the exercise by the Trustee of its rights under clause 5.5.1 of the Administration Agreement;
- (U) procure that there will at all times be an administrator of the Mortgages in accordance with the Administration Agreement or Substitute Administrator Agreement;
- (V) not, without the prior written consent of the Trustee and the Rating Agencies, cancel the undrawn part of the facilities made available to the Issuer in whole or in part pursuant to the Subordinated Loan Agreement;
- (W) at the same time as giving notice to the Class A Noteholders of the aggregate Principal Payment in respect of Class A Notes to be redeemed pursuant to Condition 5(a) and to the Class B Noteholders and the Class C Noteholders of the Principal Amount Outstanding pursuant to Condition 5(b)(ii), give notice to the Class B Noteholders and the Class C Noteholders of the amount standing to the debit of the Principal Deficiency Ledger as at the relevant Principal Determination Date (as defined in the Administration Agreement);
- (X) not enter into any hedging arrangements pursuant to the Basis Hedge Agreement or enter into any Cap (as defined in the Administration Agreement) if to do so would adversely affect any of the then current ratings of the Notes;
- (Y) upon conversion of any Mortgage which is not a Fixed Rate Mortgage (as defined in the Administration Agreement) into a Fixed Rate Mortgage or Capped Rate Mortgage, or in relation to any Fixed Rate Mortgage acquired by the Issuer (as defined in the Administration Agreement), at any time enter into hedging arrangements if not to do so would adversely affect any of the then current ratings of the Notes;
- (Z) not enter into any Cap on terms which would oblige the Issuer to make any payment to the Cap Provider (as defined in the Administration Agreement) except for any initial payment to purchase such Cap made subject to, and in accordance with, the terms of the Deed of Charge;
- (AA) ensure that at all times the Mortgages each have a final maturity date of not later than 30 November 2037; and
- (BB) ensure that it is at all times solely resident in the United Kingdom for United Kingdom tax purposes and has no branch, business establishment or other fixed establishment outside the United Kingdom.

13. REMUNERATION OF TRUSTEE

- 13.1 The Issuer shall pay to the Trustee remuneration for its services as trustee as from the date of this Trust Deed, such remuneration to be at such annual rate as may from time to time be agreed between the Issuer and the Trustee. Such remuneration shall be payable on the Interest Payment Date in December 2007 and thereafter annually in arrear in each year. Such remuneration shall accrue from day to day and be payable up to (and including) the date when, the Notes having become due for redemption in full, the redemption moneys and interest thereon to the date of redemption have been paid to the Principal Paying Agent or the Trustee **provided that** payment of the moneys due in respect of any of the Global Notes or, as the case may be, any Definitive Note is improperly withheld or refused, remuneration will commence again to accrue. The Issuer shall in addition pay to the Trustee an amount equal to the amount of any value added tax or similar tax chargeable in respect of its remuneration under these presents.
- 13.2 In the event of the Trustee giving a notice under Condition 9 or considering it expedient or necessary or being requested by the Issuer to undertake duties which the Trustee and the Issuer agree to be of an exceptional nature or otherwise outside the scope of the normal duties of the Trustee under these presents the Issuer shall pay to the Trustee such additional remuneration as shall be agreed between them.
- 13.3 In any event of the Trustee and the Issuer failing to agree:
- (A) (in the case to which Clause 13.1 applies) upon the amount of such remuneration; or
- (B) (in a case to which Clause 13.2 applies) upon whether such duties shall be of an exceptional nature or otherwise outside the scope of the normal duties of the Trustee under these presents, or upon such additional remuneration,
- such matters shall be determined by a merchant bank (acting as an expert and not as an arbitrator) selected by the Trustee and approved by the Issuer or, failing such approval, nominated (on the application of the Trustee) by the President for the time being of the Law Society of England and Wales (the expense involved in such nomination and the fees of such merchant bank being payable by the Issuer) and the determination of any such merchant bank shall be final and binding upon the Trustee and the Issuer.
- 13.4 The Issuer shall also reimburse, pay or discharge all costs, charges, liabilities and expenses covenanted to be reimbursed, paid or discharged by the Issuer in clause 12 of the Deed of Charge and any stamp, issue, registration, documentary and other similar taxes or duties paid by the Trustee in connection with any legal proceedings brought or contemplated by the Trustee for enforcing the security created in favour of the Trustee by, and contained in or granted pursuant to, the Deed of Charge or against the Issuer or any other person for enforcing any obligation under these presents, or the Notes.
- 13.5 Without prejudice to the right of indemnity by law given to trustees, the Issuer hereby covenants to indemnify and keep indemnified the Trustee and every attorney, receiver, manager, agent, delegate or other person appointed by it under these presents from and

against all liabilities, losses, damages, costs, expenses, actions, proceedings, claims and demands (other than tax suffered by such person on their net income profits or gains) incurred by or made against it or him in the execution or purported execution of the trusts of these presents or of their powers or in respect of any matter or thing done or omitted in any way relating to these presents.

- 13.6 All sums payable by the Issuer under Clauses 13.4 and 13.5 shall be payable by the Issuer on demand and carry interest at the rate of 1 per cent. per annum above the base rate from time to time of Barclays Bank PLC from the date of the same being demanded. Any amounts payable pursuant to Clauses 13.1 and 13.2 shall carry interest at the aforesaid rate from the due date thereof to the date of actual payment.
- 13.7 Unless otherwise specifically stated in any discharge relating to these presents the provisions of this Clause shall continue in full force and effect notwithstanding such discharge.
- 13.8 The Trustee's fees will be paid in accordance with clauses 6 and 8 of the Deed of Charge.

14. TERMS OF APPOINTMENT

- 14.1 By way of supplement to the Trustee Acts it is expressly declared as follows:
- (A) The Trustee may in relation to these presents act on the advice or opinion of or a certificate or any information obtained from any lawyer, valuer, accountant, banker, broker, credit-rating agency, lead manager or other expert whether obtained by the Issuer, the Trustee, the Administrator or otherwise and shall not be responsible for any loss occasioned by so acting.
- (B) Any such advice, opinion or information may be sent or obtained by letter, telex, telegram, electronic mail, facsimile transmission or cable and the Trustee shall not be liable for acting on any advice, opinion or information purporting to be conveyed by any such letter, telex, telegram, electronic mail, facsimile transmission or cable although the same shall contain some error or shall not be authentic.
- (C) The Trustee may call for and shall be at liberty to accept as sufficient evidence of any fact or matter or the expediency of any transaction or thing a certificate signed by two Directors of the Issuer and the Trustee shall not be bound in any such case to call for further evidence or be responsible for any loss that may be occasioned by the Trustee acting on such certificate.
- (D) The Trustee shall be at liberty to hold or to place these presents and any other documents relating to these presents in any part of the world with any banker or banking company or company whose business includes undertaking the safe custody of documents or lawyer or firm of lawyers considered by the Trustee to be of good repute or, in the case of the mortgage deeds, charges, insurance policies and other matters referred to in the Administration Agreement

(including in clause 17 thereof), with the Administrator or otherwise as permitted by such agreement and the Trustee shall not be responsible for or required to insure against any loss incurred in connection with any such deposit and may pay all sums required to be paid on account of or in respect of any such deposit.

- (E) The Trustee shall not be responsible for the application of the proceeds of the issue of any of the Notes by the Issuer or any moneys borrowed by the Issuer under the Subordinated Loan Agreement or the exchange of any Global Note for any other Global Note or Definitive Note, as the case may be.
- (F) The Trustee shall not be bound to give notice to any person of the execution of these presents or any of the Relevant Documents or any transaction contemplated hereby or thereby or to take any steps to ascertain whether any Event of Default (or any condition, event or act which with the giving of notice and/or the lapse of time and/or the issue of a certificate would constitute an Event of Default) has happened and, until it shall have actual knowledge or express notice to the contrary, the Trustee shall be entitled to assume that no Event of Default or such condition, event or act has happened and that the Issuer and each other party to any Relevant Document is observing and performing all the obligations on its part contained in the Notes and under these presents or, as the case may be, the Deed of Charge and/or any Relevant Document to which it is a party.
- (G) Save as expressly otherwise provided in these presents or the Relevant Documents, the Trustee shall have absolute and uncontrolled discretion as to the exercise of the discretions vested in the Trustee by these presents and the Relevant Documents (the exercise of which as between the Trustee and the Noteholders and other Secured Parties shall be conclusive and binding on the Noteholders and other Secured Parties) but whenever the Trustee is under the provisions of these presents or the Relevant Documents bound to act at the request or direction of the Noteholders, or any of them, or any other Secured Party, the Trustee shall nevertheless not be so bound unless first indemnified to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages, expenses and liabilities which it may incur by so doing.
- (H) The Trustee shall not be liable for acting upon any resolution purporting to have been passed at any meeting of the Class A Noteholders, the Class B Noteholders and/or the Class C Noteholders in respect whereof minutes have been made and signed even though subsequent to its acting it may be found that there was some defect in the constitution of the meeting or the passing of the resolution or that for any reason the resolution was not valid or binding upon the Class A Noteholders, the Class B Noteholders or the Class C Noteholders.

- (I) The Trustee shall not be liable to the Issuer or any Noteholder or any other Secured Party by reason of having accepted as valid or not having rejected any Definitive Note purporting to be such and subsequently found to be forged or not authentic and the Trustee may call for and shall be at liberty to accept and place full reliance on as sufficient evidence of the facts stated therein a certificate or letter of confirmation certified as true and accurate and signed on behalf of DTC, Euroclear, Clearstream, Luxembourg or any common depositary for them or such person as the Trustee considers appropriate, or any form of record made by any of them to the effect that at any particular time or through any particular period any particular person is, was, or will be, shown in its records as entitled to a particular number of Notes.
- (J) Any consent or approval given by the Trustee for the purpose of these presents, the Conditions and any Relevant Document may be given on such terms and subject to such conditions (if any) as the Trustee thinks fit and notwithstanding anything to the contrary contained in these presents, any Relevant Document or the Conditions may be given retrospectively.
- (K) The Trustee shall not (unless and to the extent ordered so to do by a court of competent jurisdiction) be required to disclose to any Noteholder or any Secured Party any confidential financial, price sensitive or other information made available to the Trustee by the Issuer or any other person in connection with the trusts of these presents and no Noteholder or any Secured Party shall be entitled to take any action to obtain from the Trustee any such information.
- (L) Where it is necessary or desirable for any purpose in connection with these presents to convert any sum from one currency to another it shall (unless otherwise provided by these presents or required by law) be converted at such rate or rates, in accordance with such method and as at such date for the determination of such rate of exchange, as may be agreed by the Trustee in consultation with the Issuer as relevant and any rate, method and date so agreed shall be binding on the Issuer, the Noteholders and the Secured Parties.
- (M) The Trustee may certify whether or not any of the events set out in paragraphs (ii) to (v) of Condition 9 or any breach under clause 20.1.2 of the Administration Agreement is in its opinion materially prejudicial to the interests of the relevant Noteholders and may certify, in relation to the event set out in paragraph (i) of Condition 9 in relation to any payment of interest on the Notes that the Issuer had, on the due date for payment of the amount of interest in question, sufficient cash to pay, in accordance with the provisions of the Deed of Charge, such interest (after payment of all sums which are permitted under the Deed of Charge to be paid in priority thereto or *pari passu* therewith) and any such certificate shall be conclusive and binding upon the Issuer, the Noteholders and the Secured Parties. The Trustee shall have no liability to the Issuer, any Noteholder or the Secured Parties or any other person in relation to any such certificate or in relation to any delay or

omission in providing such certificate. In giving any certificate relating to paragraph (i) of Condition 9, the Trustee may rely on any determination made by any independent accountants of recognised standing in England and Wales and any such determination shall be conclusive and binding on the Issuer and the Holders of the Notes.

- (N) The Trustee shall not be bound to take any steps to ascertain whether any event, condition or act, the happening of which would cause a right or remedy to become exercisable by the Trustee under these presents or by the Issuer under any of the Relevant Documents has happened or to monitor or supervise the observance and performance by the Issuer or any of the other parties thereto of their respective obligations thereunder and, until it shall have actual knowledge or express notice to the contrary the Trustee shall be entitled to assume that no such event, condition or act has happened and that the Issuer and each of the other parties thereto are observing and performing all their respective obligations thereunder.
- (O) The Trustee shall not be responsible for recitals, statements, warranties or representations of any party contained in any Relevant Document or in any Mortgage or other document entered into in connection therewith and shall assume the accuracy and correctness thereof or for the execution, legality, effectiveness, adequacy, genuineness, validity or enforceability or admissibility in evidence of any such agreement or other document or any security thereby constituted and the Trustee may accept without enquiry, requisition or objection such title as the Issuer may have to the Security or any part thereof or as any other person may have to any other security charged from time to time to the Trustee and shall not be bound to investigate or make any enquiry in the title of the Issuer to the Security or any part thereof or the title of any other person to any other security charged from time to time to the Trustee whether or not any default or failure is or was known to the Trustee or might be, or might have been, discovered upon examination inquiry or investigation and whether or not capable of remedy. Notwithstanding the generality of the foregoing each Noteholder and each Secured Party shall be solely responsible for making its own independent appraisal of and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer and the Trustee shall not at any time have any responsibility for the same and each Noteholder and each Secured Party shall not rely on the Trustee in respect thereof.
- (P) The Trustee shall not be liable for any failure, omission or defect in registering or filing or procuring registration or filing of or otherwise protecting or perfecting the Security or any other security or failure to call for delivery of documents of title to the Security or any other security or to require any further assurances in relation to any property or assets comprised in the Security or any other security.

- (Q) The Trustee shall not be obliged (whether or not directed to do so by the Noteholders) to perfect legal title to any Mortgage in its name if, in its opinion, such perfection would or might result in the Trustee becoming liable to or incurring any obligation to any Borrower under a Mortgage and, in its opinion, there is or would be insufficient cash to discharge, in accordance with the provisions of the Deed of Charge, such liability or obligations as and when they arise. Notwithstanding the generality of the foregoing, the Trustee shall have no responsibility or liability for the payment of any fees for the registration of the Mortgages with the Land Registry in England and Wales or to the Land Registry of Northern Ireland or to the Registers of Scotland or for any legal, administrative or other fees, costs and expenses (including, but not limited to, any proper disbursements and any value added tax) relating thereto.
- (R) The Trustee shall, as regards all the powers, trusts, authorities, duties and discretions vested in it by these presents, the Relevant Documents or the Notes (including the Conditions), except where expressly provided otherwise have regard to the interests of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders **provided that** where the Trustee is required by these presents, the Relevant Documents or the Notes (including the Conditions) to have regard to the interests of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders and:
- (1) where, in the opinion of the Trustee, there is a conflict between the interests of the Class A Noteholders and the interests of the Class B Noteholders and/or the Class C Noteholders the Trustee shall, notwithstanding anything to the contrary contained in these presents, the Relevant Documents or the Notes (including the Conditions), have regard only to the interests of the Class A Noteholders, and the Class B Noteholders and the Class C Noteholders shall not have any claim against the Trustee for so doing; and
 - (2) where, in the opinion of the Trustee, there is a conflict between the interests of the Class B Noteholders and the interests of the Class C Noteholders, the Trustee shall, notwithstanding anything to the contrary contained in these presents, the Relevant Documents or the Notes (including the Conditions), have regard only to the interests of the Class B Noteholders and the Class C Noteholders shall not have any claim against the Trustee for so doing; and
 - (3) so long as any of the Notes are outstanding the Trustee shall, as regards all the powers, trusts, authorities, duties and discretions vested in it by these presents, except where expressly provided otherwise, have no regard to the interests of any other Secured Parties and no Secured Parties shall have any claim against the Trustee for so doing.
- (S) Without prejudice to the provisions of the Administration Agreement, the Deed of Charge and any other Relevant Document the Trustee shall not be

under any obligation to insure any of the Security (or any other security) or any deeds or documents of title or other evidence in respect thereof and shall not be responsible for any loss, expense or liability which may be suffered as a result of the lack of or inadequacy of any such insurance.

- (T) The Trustee shall not be responsible for any loss, expense or liability occasioned to the Security or any other security or in respect of all or any of the moneys which are subject to the Collection Account Declarations of Trust or the VAT Declaration of Trust however caused by any act or omission of the Issuer or each Administrator or PML or PFPLC or MTS (in its capacity as Seller) or MTL or any other person (including any bank, broker, depositary, warehouseman or other intermediary or any clearing system or the operator thereof) acting in accordance with or contrary to the terms of any of the Relevant Documents or otherwise, unless such loss is occasioned by the wilful neglect or misconduct or fraud of the Trustee.
- (U) The Trustee shall have no responsibility whatsoever to the Issuer or any Noteholder or any Secured Party as regards any deficiency or additional payment, as the case may be, which might arise because the Trustee or the Issuer is subject to any tax in respect of the Security or any other security, or arising in respect of the Issuer being or becoming a member of the Paragon VAT Group, or any part thereof or any income therefrom or any proceeds thereof.
- (V) The Trustee shall not be liable for any error of judgment made in good faith by any officer or employee of the Trustee assigned by the Trustee to administer its corporate trust matters unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.
- (W) No provision of these presents shall require the Trustee to do anything which may be illegal or contrary to applicable law or regulation or expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not assured to it and, without prejudice to the generality of the foregoing, nothing contained in these presents shall impose any obligation on the Trustee to make any further advance to a Borrower or to borrow any moneys under the Subordinated Loan Agreement or to maintain, protect or preserve any moneys standing to the credit of the Transaction Account or which are subject to the Collection Account Declarations of Trust or the VAT Declaration of Trust.
- (X) The Trustee as between itself, the Noteholders and other Secured Parties shall have full power to determine all questions and doubts arising in relation to any of the provisions of these presents, and every such determination, whether made upon a question actually raised or implied in the acts or proceedings of

the Trustee, shall be conclusive and shall bind the Issuer, the Noteholders and other Secured Parties.

- (Y) The Trustee may determine whether or not a default in the performance by the Issuer of any obligation under the provisions of these presents or contained in the Notes or any of the Relevant Documents is capable of remedy and, if the Trustee shall certify that any such default is, in its opinion, not capable of remedy, such certificate shall be conclusive and binding upon the Issuer, the Noteholders and other Secured Parties.
- (Z) Notwithstanding the generality of Clauses 14.1(N),(O) or (W) above, the Trustee shall not be responsible for the genuineness, validity, effectiveness or suitability of any of the Relevant Documents or any of the Mortgages or other documents entered into in connection therewith or any of the Insurance Contracts or any other document or any obligation or rights created or purported to be created thereby or pursuant thereto or any security or the priority thereof constituted or purported to be constituted thereby or pursuant thereto, nor shall it be responsible or liable to any person because of any invalidity of any provision of such documents or the unenforceability thereof, whether arising from statute, law or decision of any court and (without prejudice to the generality of the foregoing) the Trustee shall not have any responsibility for or have any duty to make any investigation in respect of or in any way be liable whatsoever for:
- (1) the nature, status, creditworthiness or solvency of any Borrower or any other person or entity who has at any time provided any security or support whether by way of guarantee, charge or otherwise in respect of any advance made to any Borrower;
 - (2) the execution, legality, validity, adequacy, admissibility in evidence or enforceability of any Mortgage or other document entered into in connection therewith;
 - (3) the title, ownership, value, sufficiency or existence of any Property or any Insurance Contract;
 - (4) the registration, filing, protection or perfection of any Mortgage or the priority of the security thereby created whether in respect of any initial advance or any subsequent advance or any other sums or liabilities;
 - (5) the scope or accuracy of any representations, warranties or statements made by or on behalf of any Borrower in any application for any advance or the Insurance Contracts or in any Mortgage or in any document entered into in connection therewith;
 - (6) the performance or observance by any Borrower or any other person of any provisions of any Mortgage or in any document entered into in connection therewith or the fulfilment or satisfaction of any conditions

contained therein or relating thereto or as to the existence or occurrence at any time of any default, event of default or similar event contained therein or any waiver or consent which has at any time been granted in relation to any of the foregoing;

- (7) the existence, accuracy or sufficiency of any legal or other opinions, searches, reports, certificates, valuations or investigations delivered or obtained or required to be delivered or obtained at any time in connection with any Mortgage;
 - (8) the title of the Issuer to any Mortgage;
 - (9) the suitability, adequacy or sufficiency of any Lending Guidelines or compliance therewith or the legality or ability or enforceability thereof or the priority of the Security in relation thereto;
 - (10) the compliance of the provisions and contents of and the manner and formalities applicable to the execution of the Mortgages and any documents connected therewith or the making of any advance intended to be secured thereby, with any applicable laws or regulations (including without prejudice to the generality of the foregoing, the Consumer Credit Act 1974);
 - (11) the failure by PML, MTS (in its capacity as Seller), MTL or each Administrator or any other person or by the Issuer to obtain or comply with any licence, consent or other authority in connection with the origination, sale, purchase or administration of any of the Mortgages or the making of any advances in connection therewith or the failure to effect or procure registration of or to give notice to any person in relation to or otherwise protect the security created or purported to be created by or pursuant to any of the Mortgages or other documents entered into in connection therewith;
 - (12) the failure to call for delivery of documents of title to or require any transfers, legal mortgages, charges or other further assurances in relation to any of the assets the subject matter of any of the Relevant Documents or any other document;
 - (13) any accounts, books, records or files maintained by each Administrator or PML or MTS (in its capacity as Seller) or MTL or any other person in respect of any of the Mortgages; or
 - (14) any other matter or thing relating to or in any way connected with any Mortgage or any document entered into in connection therewith whether or not similar to the foregoing.
- (AA) The Trustee shall not be liable or responsible for any loss, cost, damages, expenses or inconvenience which may result from anything done or omitted to

be done by it in accordance with the provisions of these presents, any Relevant Documents or any other document or as a consequence of or in connection with it being held or treated as, or being deemed to be, a creditor, for the purposes of the Consumer Credit Act 1974, in respect of any of the Mortgages.

- (BB) The Trustee shall be entitled to call for and to rely upon a certificate or any letter of confirmation or explanation reasonably believed by it to be genuine, of the Issuer, each Administrator, PFPLC, PML, MTL, MTS (in its capacity as Seller), the Reference Banks or any of them, the Registrar, the Reference Agent or any Paying Agent or the Rating Agencies or any other credit-rating agency in respect of every matter and circumstance for which a certificate is expressly provided for under these presents or in respect of the rating of the Notes or the Conditions and to call for and rely upon a certificate of each Administrator reasonably believed by it to be genuine as to any other fact or matter *prima facie* within the knowledge of each Administrator as sufficient evidence thereof and the Trustee shall not be bound in any such case to call for further evidence or be responsible for any loss, liability, costs, damages, expenses or inconvenience that may be occasioned by its failing so to do.
- (CC) In connection with any proposed modification, waiver, authorisation or determination permitted by the terms of these presents, the Trustee shall not have regard to the consequences thereof for individual Noteholders or any Secured Parties resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to, the jurisdiction of any particular territory.
- (DD) The Trustee shall have no responsibility for the maintenance of any rating of the Notes by the Rating Agencies or any other credit-rating agency or any other person.
- (EE) For the avoidance of doubt, to the extent that any Notes are represented by a Global Note, the Trustee shall be entitled to rely on a certificate from DTC, Euroclear or Clearstream, Luxembourg in determining whether a person is a "Noteholder" for the purposes of these presents and the Conditions.
- (FF) The Trustee shall have no liability whatsoever for any loss, cost, damage or expenses directly or indirectly suffered or incurred by the Issuer, any Noteholder, any other Secured Parties or any other person as a result of the delivery by the Trustee of a certificate, or the omission by it to deliver a certificate, to the Issuer as to material prejudice pursuant to Condition 9 on the basis of an opinion formed by it in good faith.
- (GG) The Trustee shall be under no obligation to monitor or supervise the functions of each Administrator from time to time under the terms of the Administration Agreement or any other person under any other Relevant Document, including but not limited to the Collection Account Declarations of Trust and the VAT

Declaration of Trust and shall be entitled, in the absence of actual knowledge of a breach of duty or obligation, to assume that each Administrator is properly performing its obligations in accordance with the provisions of the Administration Agreement or that such other person is properly performing its obligations in accordance with each other Relevant Document, including but not limited to each Administrator.

- (HH) The Trustee acknowledges that each Administrator is responsible, pursuant to the Administration Agreement, for determining, in respect of the Class A Notes, the Class B Notes and the Class C Notes, the amount of (i) the Available Redemption Funds (as defined in the Conditions), (ii) the Principal Payment (as defined in the Conditions), the Principal Amount Outstanding, the Principal Liability Outstanding (as defined in the Conditions) and the Pool Factor (as defined in the Conditions) and (iii) the actual amount of interest on the Notes in relation to any Interest Payment Date and the Trustee shall have no responsibility to recalculate any such amounts notwithstanding a manifest error therein. However, if each Administrator does not at any time for any reason determine the amount of (i) the Available Redemption Funds (ii) the Principal Payment, the Principal Amount Outstanding, Principal Liability Outstanding and the Pool Factor and (iii) the actual amount of interest on the Class A Notes, the Class B Notes or the Class C Notes and the Trustee shall calculate the same, such amount shall be deemed to have been calculated by each Administrator pursuant to the Administration Agreement and the Trustee shall have no liability in respect thereof other than as a result of the negligence, bad faith or wilful default of the Trustee.
- (II) The Trustee shall not be responsible to the Noteholders or the Issuer for the performance or the failure to perform any action, the making or failure to make any determination or the exercise or failure to exercise any discretion in any capacity other than as Trustee for the Noteholders pursuant to these presents, including its capacity as agent for the Class B Noteholders and the Class C Noteholders under the Post Enforcement Call Option Deed, and the Trustee shall not, in performing its obligations and exercising its rights and discretions pursuant to these presents, be required to take into account any other capacity in which it may act in connection with the issues of the Notes or otherwise, nor shall anything in these presents prevent the Trustee from acting in any such other capacity.

15. TRUSTEE'S LIABILITY FOR NEGLIGENCE

The duty of care that applies to a trustee under section 1 of the Trustee Act 2000 shall not apply to the Trustee. Subject thereto, if the Trustee fails to show the degree of care and diligence required of it as trustee having regard to the provisions hereof conferring on it powers, authorities and discretions nothing in this Trust Deed shall relieve or indemnify it against any liability which would otherwise attach to it in respect of any negligence, default, breach of duty or breach of trust of which it may be guilty.

16. DELEGATION BY TRUSTEE

The Trustee may whenever it thinks fit delegate by power of attorney or otherwise to any person or persons or fluctuating body of persons (whether being a joint trustee of these presents or not) for any period (whether exceeding one year or not) or indefinitely all or any of the trusts, powers and authorities vested in the Trustee by these presents and such delegation may be made upon such terms and subject to such conditions including power to sub-delegate and subject to such regulations as the Trustee may in the interests of the Noteholders think fit and **provided that** the Trustee shall have exercised reasonable care in the selection of such delegate the Trustee shall not be in any way responsible for any loss incurred by reason of any misconduct or default on the part of any such delegate or sub-delegate. The Trustee shall within a reasonable time prior to any such delegation or any renewal, extension or termination thereof give notice thereof to the Issuer and to the Rating Agencies.

17. EMPLOYMENT OF AGENT BY TRUSTEE

17.1 The Trustee may in the conduct of the trusts of these presents instead of acting personally employ and pay an agent, whether being a lawyer or other professional person, to transact or concur in transacting any business and to do or concur in doing all acts required to be done in connection with the trusts of these presents and **provided that** the Trustee shall have exercised reasonable care in the selection of such agent, the Trustee shall not in any way be responsible for any loss incurred by reason of any misconduct or default on the part of any such agent appointed by it under these presents.

17.2 Any trustee of these presents being a lawyer, accountant, broker or other person engaged in any profession or business shall be entitled to charge and be paid all usual professional and other charges for business transacted and acts done by him or his firm in connection with the trusts of these presents and also his reasonable charges in addition to disbursements for all other work and business done and all time spent by him or his firm in connection with matters arising in connection with these presents.

18. TRUSTEE CONTRACTING WITH ISSUER

Neither the Trustee nor any director or officer of a corporation acting as a trustee under these presents shall by reason of its or his fiduciary position be in any way precluded from entering into or being interested in any contract or financial or other transaction or arrangement with the Issuer or any other party to any of the Relevant Documents or any person or body corporate associated with the Issuer including without prejudice to the generality of this provision any contract, transaction or arrangement of a banking or insurance nature or any contract, transaction or arrangement in relation to the making of loans or the provision of financial facilities to or the purchase, placing or underwriting of or subscribing or procuring subscriptions for or otherwise acquiring holding or dealing with the Notes or any of them, or any other bonds, stocks, shares, debenture stock, debentures, notes or other securities of the Issuer or any other party to any of the Relevant Documents or any person or body

corporate associated as aforesaid or from accepting or holding the trusteeship of any other trust deed constituting or securing any other securities issued by or relating to the Issuer or any other party to any of the Relevant Documents or any such person or body corporate so associated or any other office of profit under the Issuer or any other party to any of the Relevant Documents or any such person or body corporate so associated and shall be entitled to retain and shall not be in any way liable to account for any profit made or share of brokerage or commission or remuneration or other benefit received thereby or in connection therewith.

19. **WAIVER; AUTHORISATION; DETERMINATION; MODIFICATION**

- 19.1 The Trustee may without prejudice to its rights in respect of any subsequent breach, condition, event or act from time to time and at any time but only if and in so far as in its opinion the interests of any of the Noteholders shall not be materially prejudiced thereby waive or authorise on such terms and subject to such conditions as to it shall seem fit and proper any breach or proposed breach by the Issuer of any of the covenants or provisions contained in these presents or in the Notes (including the Conditions) or any other Relevant Document or determine that any condition, event or act which constitutes, or which with the giving of notice and/or the lapse of time and/or the issue of a certificate would constitute, but for such determination, an Event of Default shall not, or shall not subject to specified conditions, be treated as such for the purposes of these presents **provided that** the Trustee shall not exercise any powers conferred on it by this Clause in contravention of any express direction given by Extraordinary Resolution or by a request under Condition 9 (being, in the case of a direction or request of the Class B Noteholders or the Class C Noteholders, a request or direction which is binding on the Trustee in accordance with Clause 7.1) but so that no such direction or request shall affect any waiver, authorisation or determination previously given or made. Any such waiver, authorisation or determination shall be binding on the Noteholders and each Secured Party and if, but only if, the Trustee shall so require, shall be notified by the Issuer to the Noteholders in accordance with Condition 12 as soon as practicable thereafter.
- 19.2 The Trustee may without the consent of the Noteholders at any time and from time to time concur with the Issuer in making any modification (i) to these presents or the Conditions (other than the proviso to paragraph 5 of Schedule 3 or any provision of these presents or the Conditions referred to in that proviso and this Clause 19.2) or any other Relevant Document which in the opinion of the Trustee it may be proper to make **provided that** the Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the relevant Noteholders or (ii) to these presents or the Conditions or any Relevant Documents if in the opinion of the Trustee such modification is of a formal, minor or technical nature or to correct a manifest error. Any such modification shall be binding upon the Noteholders and each Secured Party and, unless the Trustee agrees otherwise, shall be notified to the Noteholders in accordance with Condition 12 as soon as practicable thereafter. In addition so long as the Notes are rated by the Rating Agencies, any such modification shall be notified in

writing by the Trustee to the Rating Agencies as soon as reasonably practicable thereafter.

20. **HOLDER DEEMED ABSOLUTE OWNER; CLEARING SYSTEM CERTIFICATES**

- 20.1 The Issuer, the Trustee, the Registrar and any Paying Agent may deem and treat the Holder of any Definitive Note as the absolute owner of such Definitive Note, (whether or not such Definitive Note shall be overdue and notwithstanding any notation or notice of ownership or writing thereon or any notice of previous loss or theft thereof) for all purposes and the Issuer, the Trustee, the Registrar and the Paying Agents shall not be affected by any notice to the contrary. So long as the Notes, or any of them, are represented by a Global Note, the Issuer, the Trustee, the Registrar and any Paying Agent may deem and treat the person for the time being shown in the records of DTC, Euroclear or Clearstream, Luxembourg as the Holder of any Note as the absolute owner of such Note and the Issuer, the Trustee, the Registrar and the Paying Agents shall not be affected by any notice to the contrary. All payments made to any such person (or in the case of a Global Note to or to the order of the Noteholder) shall be valid and, to the extent of the sums so paid, effective to satisfy and discharge the liability for the moneys payable upon such Notes.
- 20.2 The Issuer and the Trustee may call for and shall be at liberty to accept and place full reliance on as sufficient evidence thereof a certificate or letter or confirmation signed on behalf of DTC, Euroclear or Clearstream, Luxembourg or any form of record made by either of them to the effect that at any particular time or throughout any particular period any particular person is, was, or will be, shown in its records as entitled to a particular interest in a Global Note.

21. **CURRENCY INDEMNITY**

The Issuer shall indemnify the Trustee and the Noteholders and keep them indemnified against:

- (A) any loss or damage incurred by any of them arising from the non-payment by the Issuer of any amount due in a particular currency (the "**Required Currency**") to the Trustee or the relevant Noteholders under these presents or the relevant Notes by reason of any variation in the rates of exchange between those used for the purposes of calculating the amount due under a judgment or order in respect thereof, which amount is expressed in a currency (the "**Actual Currency**") other than the Required Currency, and under which the Trustee and the Noteholders do not have an option to have such judgment or order expressed in the Required Currency, and those prevailing at the date of actual payment by the Issuer; and
- (B) any deficiency arising or resulting from any variation in rates of exchange between (i) the date (if any) as of which the Actual Currency equivalent of the amounts in the Required Currency due or contingently due under these presents (other than this Clause) or in respect of the relevant Notes is

calculated for the purposes of any bankruptcy, insolvency or liquidation of the Issuer and (ii) the final date for ascertaining the amount of claims in such bankruptcy, insolvency or liquidation **provided that** in such bankruptcy, insolvency or liquidation claims are required to be made in a currency other than the Required Currency. The amount of such deficiency shall be deemed not to be reduced by any variation in rates of exchange occurring between the said final date and the date of any distribution of assets in connection with any such bankruptcy or liquidation.

The above indemnities shall constitute obligations of the Issuer separate and independent from its obligations under the Notes and shall apply irrespective of any indulgence granted by the Trustee or the Noteholders from time to time and shall continue in full force and effect notwithstanding the judgment or filing of any proof or proofs in any bankruptcy, insolvency or liquidation of the Issuer for a liquidated sum or sums in respect of amounts due under these presents (other than this Clause) or the Notes. Any such deficiency as aforesaid shall be deemed to constitute a loss suffered by the Noteholders and no proof or evidence of any actual loss shall be required by the Issuer or its liquidator.

22. NEW TRUSTEE; SEPARATE AND CO-TRUSTEES

- 22.1 The power to appoint a new trustee of these presents shall be vested in the Issuer but no person shall be appointed who shall not previously have been approved by an Extraordinary Resolution of the Class A Noteholders or, if none of the Class A Notes remains outstanding, the Class B Noteholders or, if none of the Class A Notes or the Class B Notes remains outstanding, the Class C Noteholders. One or more persons may hold office as trustee or trustees of these presents but such trustee or trustees shall be or include a Trust Corporation. Whenever there shall be more than two trustees of these presents the majority of such trustees shall be competent to execute and exercise all the duties, powers, trusts, authorities and discretions vested in the Trustee by these presents **provided that** a Trust Corporation shall be included in such majority.
- 22.2 Notwithstanding the provisions of Clause 22.1, the Trustee may, upon giving prior notice to the Issuer (but without the consent of the Issuer or the Noteholders), appoint any person established or resident in any jurisdiction (whether a Trust Corporation or not) to act either as a separate trustee or as a co-trustee jointly with the Trustee (i) if the Trustee considers such appointment to be in the interests of the Noteholders or (ii) for the purposes of conforming to any legal requirements, restrictions or conditions in any jurisdiction in which any particular act or acts is or are to be performed or (iii) for the purposes of obtaining a judgment in any jurisdiction or the enforcement in any jurisdiction of either a judgment already obtained or any of the provisions of these presents against the Issuer. The Issuer hereby irrevocably appoints the Trustee to be its attorney in its name and on its behalf to execute any such instrument of appointment. Such a person shall (subject always to the provisions of these presents) have such trusts, powers, authorities and discretions (not exceeding those conferred on the Trustee by these presents) and such duties and obligations as shall be conferred or

imposed by the instrument of appointment. The Trustee shall have power in like manner to remove any such person. Such reasonable remuneration as the Trustee may pay to any such person, together with any attributable costs, charges and expenses properly incurred by it in performing its function as such separate trustee or co-trustee shall for the purposes of these presents be treated as costs, charges and expenses incurred by the Trustee.

- 22.3 Any appointment of a new trustee and/or any retirement or removal of an existing trustee of these presents shall as soon as practicable thereafter be notified by the Issuer to the Registrar, the Principal Paying Agent and the Noteholders and by the existing trustee to the Rating Agencies.

23. **TRUSTEE'S RETIREMENT AND REMOVAL**

A trustee of these presents may retire at any time on giving not less than three months' prior written notice to the Issuer without assigning any reason and without being responsible for any costs occasioned by such retirement. The Class A Noteholders or, if none of the Class A Notes remain outstanding, the Class B Noteholders shall have the power exercisable by Extraordinary Resolution to remove any trustee or trustees for the time being of these presents or, if none of the Class A Notes or the Class B Notes remains outstanding, the Class C Noteholders shall have the power exercisable by Extraordinary Resolution to remove any trustee or trustees for the time being of these presents. The Issuer undertakes that in the event of the only trustee hereof which is a Trust Corporation giving notice under this Clause or being removed by Extraordinary Resolution it will use its best endeavours to procure a new trustee of these presents being a Trust Corporation to be appointed as soon as reasonably practicable thereafter. The retirement or removal of any such trustee shall not become effective until a successor trustee being a Trust Corporation is appointed.

24. **TRUSTEE'S POWERS ADDITIONAL**

The powers conferred upon the Trustee by these presents shall be in addition to any powers which may from time to time be vested in the Trustee by the general law or as a Holder of any of the Notes.

25. **NOTICES**

Any notice or demand to the Issuer or the Trustee required to be given, made or served for any purposes under the Notes, or any of them, or these presents shall be given, made or served by sending the same by prepaid post (first class if inland, first class airmail if overseas), telegram, cable, telex, email or facsimile transmission or by delivering it by hand as follows:

to the Issuer:

St. Catherine's Court
Herbert Road
Solihull
West Midlands B91 3QE

Attention: The Company Secretary
Email Address: Company_Secretary@Paragon-group.co.uk
Facsimile No. 0121 712 2072

to the Trustee:

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

Attention: Agency & Trust
Facsimile No. 020 7500 5248

or to such other address, telex or facsimile number or marked for the attention of such other person or department as shall have been notified (in accordance with this Clause) to the other party hereto and any notice or demand sent by post as aforesaid shall be deemed to have been given, made or served three days in the case of inland post or seven days in the case of overseas post after despatch and any notice or demand sent by telegram, cable, telex, email or facsimile transmission as aforesaid shall be deemed to have been given, made or served 24 hours after the time of despatch **provided that** in the case of a notice or demand given by telegram, cable, telex or facsimile commission such notice or demand shall forthwith be confirmed by post. The failure of the addressee to receive such confirmation shall not invalidate the relevant notice or demand given, made or served by telegram, cable, telex or facsimile commission.

26. EXCLUSION OF THIRD PARTY RIGHTS

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

27. GOVERNING LAW

These presents, the Notes are governed by, and shall be construed in accordance with, English law.

28. TRUSTEE ACTIVITIES IN THE UNITED STATES

The Trustee, acting solely in its capacity as trustee for the Noteholders, covenants that it will not engage in any activities in the United States (directly or through agents), will not derive any income from United States sources as determined under United States income tax principles, and will not hold any property if doing so would cause it to be

engaged or deemed to be engaged in a trade or business within the United States as determined under United States income tax principles.

29. **TRUSTEE AS AUTHORISED PERSON**

The Trustee represents and warrants that it is an authorised person under Section 19 of the Financial Services and Markets Act 2000 or does not need to be so in order to enforce its rights under the Relevant Documents.

IN WITNESS whereof this Trust Deed has been executed as a deed by the Issuer and the Trustee and entered into the day and year first above written.

SCHEDULE 1
FORM OF GLOBAL NOTES¹

(Global [*Class Name*] [Rule 144A/Reg S] Note)

ISIN Number: [*Insert ISIN number*]

[Common Code: [*Insert Common Code for Global Reg S Note*]]

[CUSIP Number: [*Insert CUSIP number for Global Rule 144A Note*]]

This Note has not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), any state securities laws in the United States or the securities laws of any other jurisdiction and may not be reoffered, resold, pledged or otherwise transferred except as permitted by this legend. The holder hereof, by its acceptance of this Note, represents, acknowledges and agrees that it will not reoffer, resell, pledge or otherwise transfer this Note except in compliance with the Securities Act and other applicable laws and except (a) in the case of a Global Rule 144A Note, to a transferee that is a "qualified institutional buyer", as defined in Rule 144A under the Securities Act, purchasing for its own account or for the account of a qualified institutional buyer or (b) in the case of a Global Reg S Note, to a person that is not a U.S. person (as defined in Regulation S under the Securities Act) outside the United States in compliance with Rule 903 or 904 of Regulation S under the Securities Act and (c) in each case (1) upon delivery of all certifications, opinions and other documents that the Issuer or the Trustee may require and (2) in accordance with any applicable securities law of any state of the United States and any other jurisdiction. Further, no sale or transfer of this Note to a person investing assets of a plan subject to Part 4 of Title 1 of the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or Section 4975 of the United States Internal Revenue Code of 1986, as amended (the "U.S. Revenue Code") or any similar provisions of other law ("Other Similar Law") may be made unless such sale or transfer will satisfy the requirements of a class exemption from the prohibited transaction rules of Section 406 of ERISA and Section 4975 of the U.S. Revenue Code or otherwise will not result in a nonexempt prohibited transaction or other violation of ERISA, the U.S. Revenue Code or Other Similar Law. Transfers of the Notes must be accompanied by appropriate tax and ERISA transfer documentation and are subject to restrictions as provided in the Trust Deed.

This Note is not transferable except in accordance with the restrictions described herein and in the Trust Deed. Any sale or transfer in violation of the foregoing will be of no force and effect, will be void ab initio, and will not operate to transfer any rights to the transferee, notwithstanding any instructions to the contrary to the Issuer, the Trustee or any intermediary. Each transferor of this Note agrees to provide notice of the transfer restrictions set forth herein and in the Trust Deed to the transferee.

¹ Delete references to Reg S/Rule 144A as appropriate throughout

GLOBAL [Class Name] [RULE 144A/REG S] NOTE

representing up to

[Currency symbol][Initial principal amount in figures]

initial aggregate principal amount of the

Class [Class Name] Mortgage Backed Floating Rate Notes due [•]

issued by

PARAGON MORTGAGES (NO.15) PLC

(Incorporated with limited liability in England and Wales
and registered under number 6212267)

1. Global Note certificate

This Global [Class Name] [Rule 144A/Reg S] Note is a Global Note certificate without interest coupons issued and constituted pursuant to and subject to a trust deed dated [19] July 2007 (the "**Trust Deed**") between Paragon Mortgages (No.15) PLC (the "**Issuer**") and Citicorp Trustee Company Limited as trustee (the "**Trustee**") and issued subject to, and with the benefit of, the Conditions referred to below.

This Global Note is in respect of a duly authorised issue of Class [Class Name] Mortgage Backed Floating Rate Notes due [•] of the Issuer, designated as specified in the title of this Global Note, limited to the aggregate principal amount of [Initial principal amount in words] [Currency in words] ([Currency symbol][Initial principal amount in figures]) (the "**Certificated Notes**") and constituted by the Trust Deed.

2. Interpretation

References herein to the Conditions (or to any particular numbered Condition) shall be to the Terms and Conditions of the Notes (or that particular numbered Condition) set out in Schedule 4 to the Trust Deed as if the same were incorporated herein.

Terms and expressions defined in the Trust Deed and the Conditions shall bear the same meanings when used herein.

The registered Holder hereof shall be bound by, and deemed to have notice of, all the provisions of the Conditions, this Global Note, the Trust Deed and the Agency Agreement (the "**Note Documents**").

3. Certificate of entitlement of registered Holder

This is to certify that:

[Cede & Co. as nominee on behalf of The Depository Trust company]²/[Citivic Nominees Limited as nominee of the Common Depository for both Euroclear and Clearstream, Luxembourg]³

is the person registered in the register maintained by the Registrar in relation to the Notes (the "Register") as the duly registered Holder of:

[Initial principal amount in words] [Currency in words]

([Currency symbol][Initial principal amount in figures])

in aggregate principal amount of the Notes. This Global Note is evidence of entitlement only and is not a document of title. Entitlements are determined by the Registrar by reference to the Register and only the Holder is entitled to payment in respect of this Global Note.

4. Entitlement to payments

This Global Note evidences the entitlement of the registered Holder to receive, subject to the terms of the Note Documents, the Principal Liability Outstanding indicated in the Register in respect of the Certificated Notes on the Interest Payment Date falling in December 2007, each Principal Payment in respect of the Certificated Notes on such earlier date as such Principal Payment may become due and repayable in accordance with the Conditions or the Trust Deed, and interest on the Certificated Notes on such date and in such an amount as such interest becomes due and payable in accordance with the Conditions or the Trust Deed. Upon each payment of principal and each payment of interest in respect of the Certificated Notes, the Registrar shall make appropriate notations in the Register.

5. Making of payments

Payments of principal and interest in respect of Notes represented by this Global Note will be made in accordance with the Note Documents. All payments of any amounts payable and paid to the Holder of this Global Note shall be valid and, to the extent of the sums so paid, effectual to satisfy and discharge the liability for the monies payable hereon.

[Include in USD Notes only:][The Issuer will treat the Notes as indebtedness for U.S. federal income tax purposes. Each Holder of a Note, by the acceptance hereof, agrees to treat this Global Note for U.S. federal income tax purposes as indebtedness.]

6. Transfer of interests in this Global Note

Transfers of interests in the Notes to which this Global Note relates shall be made in accordance with the Note Documents. Title to the Notes to which this Global Note relates passes only on due registration in the Register maintained by the Registrar and only the duly registered Holder, or if more than one person is so registered, the first-named of such persons is entitled to payment in respect of the Notes to which this Global Note relates.

² To appear only on the Global Rule 144A Note.

³ To appear only on the Global Reg S Notes.

7. Exchange for Definitive Notes

If the Issuer becomes obliged to issue Definitive Notes pursuant to the Conditions, or Clause 3 of the Trust Deed, this Global Note will be exchangeable in whole upon the request of the registered Holder of this Global Note for Definitive Notes only on and subject to the terms and conditions set out in the Note Documents.

Whenever this Global Note is to be exchanged for Definitive Notes, such Definitive Notes shall be issued in an aggregate principal amount equal to the principal amount of this Global Note within five business days of the delivery, by or on behalf of the registered Holder and/or the Clearing System (or its nominee) which holds this Global Note, to the Registrar of such information as is required to complete and deliver such Definitive Notes (including, without limitation, the names and addresses of the persons in whose names the Definitive Notes are to be registered and the principal amount of each such person's holding) against the surrender of this Global Note at the Specified Office (as defined in the Agency Agreement) of the Registrar.

Such exchange shall be effected in accordance with the provisions of the Agency Agreement (including, without limitation, the regulations concerning the transfer and registration of Notes scheduled thereto) and the Trust Deed and, in particular, shall be effected without charge to any registered Holder or the Trustee, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange. In this paragraph, "**business day**" means a day on which commercial banks are open for business in the city in which the Registrar has its Specified Office.

On an exchange of all Notes represented by this Global Note for Definitive Notes, this Global Note shall be surrendered to the Principal Paying Agent.

If the Issuer fails to meet its obligations to issue Definitive Notes, this shall be without prejudice to the Issuer's obligations with respect to the Notes under the Trust Deed and the Global Note.

8. Authentication

This Global Note shall not become valid for any purpose unless and until the Certificate of Authentication hereon has been signed by or on behalf of the Registrar.

9. Governing Law

This Global Note is governed by, and shall be construed in accordance with, the laws of England.

IN WITNESS whereof the Issuer has caused this Global Note to be signed manually or in facsimile by a person duly authorised on its behalf.

Executed for and on behalf of:
acting by:

Paragon Mortgages (No.15) PLC

By:

Name: []

Title: []

Issued in London, England on [19] July 2007

Certificate of Authentication

This is the Global [*Class Name*] [Rule 144A/Reg S] Note in respect of the Class [*Class Name*] Mortgage Backed Floating Rate Notes due [•] referred to in, and entitled to the benefits of, the above-mentioned Trust Deed.

Executed by:
as Registrar (without warranty, recourse or liability) acting by:

Citibank, N.A., London Branch

By:
Name: [____]
Title: [____]

Form of transfer of Global Note

For value received, the registered Holder of this Global Note, being:

hereby transfers:

in principal amount of this Global Note to:

of:

and irrevocably requests and authorises the Registrar to effect the relevant transfer by means of appropriate entries in the register kept by it.

Dated: [____]

Signed by:

By:

Name: [____]

Title: [____]

Notes

- (a) The name of the person by or on whose behalf this form of transfer is signed must correspond with the name of the registered Holder as it appears on the face of this Global Note.
- (b) A representative of such registered Holder should state the capacity in which he signs (e.g. executor).
- (c) The signature of the person effecting a transfer shall conform to any list of duly authorised specimen signatures supplied by the registered Holder or be certified by a recognised bank, notary public or in such other manner as the Registrar may require.
- (d) Any transfer of Notes shall be in an amount equal to an integral multiple of the Authorised Denomination of the relevant class of Notes.

SCHEDULE 2
FORM OF DEFINITIVE NOTE⁴

(Definitive [Rule 144A/Reg S] Note - Class [Class Name] Notes)

This Note has not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), any state securities laws in the United States or the securities laws of any other jurisdiction and may not be reoffered, resold, pledged or otherwise transferred except as permitted by this legend. The holder hereof, by its acceptance of this Note, represents, acknowledges and agrees that it will not reoffer, resell, pledge or otherwise transfer this Note except in compliance with the Securities Act and other applicable laws and except (a) in the case of a Global Rule 144A Note, to a transferee that is a "qualified institutional buyer", as defined in Rule 144A under the Securities Act, purchasing for its own account or for the account of a qualified institutional buyer or (b) in the case of a Global Reg S Note, to a person that is not a U.S. person (as defined in Regulation S under the Securities Act) outside the United States in compliance with Rule 903 or 904 of Regulation S under the Securities Act and (c) in each case (1) upon delivery of all certifications, opinions and other documents that the Issuer or the Trustee may require and (2) in accordance with any applicable securities law of any state of the United States and any other jurisdiction. Further, no sale or transfer of this Note to a person investing assets of a plan subject to Part 4 of Title 1 of the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or Section 4975 of the United States Internal Revenue Code of 1986, as amended (the "U.S. Revenue Code") or any similar provisions of other law ("Other Similar Law") may be made unless such sale or transfer will satisfy the requirements of a class exemption from the prohibited transaction rules of Section 406 of ERISA and Section 4975 of the U.S. Revenue Code or otherwise will not result in a nonexempt prohibited transaction or other violation of ERISA, the U.S. Revenue Code or Other Similar Law. Transfers of the Notes must be accompanied by appropriate tax and ERISA transfer documentation and are subject to restrictions as provided in the Trust Deed.

This Note is not transferable except in accordance with the restrictions described herein and in the Trust Deed. Any sale or transfer in violation of the foregoing will be of no force and effect, will be void ab initio, and will not operate to transfer any rights to the transferee, notwithstanding any instructions to the contrary to the Issuer, the Trustee or any intermediary. Each transferor of this Note agrees to provide notice of the transfer restrictions set forth herein and in the Trust Deed to the transferee.

⁴ Delete references to Reg S/Rule 144A as appropriate throughout

Class	Denomination	[ISIN/CUSIP] Number	Common Code	Serial Number
[]	[]	[]	[]	[]

DEFINITIVE [Rule 144A/Reg S] NOTE

representing up to

[Currency symbol][Initial principal amount in figures]
initial aggregate principal amount of the
Class [Class Name] Mortgage Backed Floating Rate Notes due [•]

issued by

PARAGON MORTGAGES (NO.15) PLC
(Incorporated with limited liability in England and Wales
and registered under number 6212267)

1. Definitive Note certificate

This Definitive [Class Name] [Rule 144A/Reg S] Note is a Definitive Note certificate without interest coupons is issued and constituted pursuant to and subject to a trust deed dated [19] July 2007 (the "Trust Deed") between Paragon Mortgages (No.15) PLC (the "Issuer") and Citicorp Trustee Company Limited as trustee (the "Trustee") and issued subject to, and with the benefit of, the Conditions referred to below.

This Definitive Note is in respect of a duly authorised issue of Class [Class Name] Mortgage Backed Floating Rate Notes due [•] of the Issuer, designated as specified in the title of this Definitive Note, limited to the aggregate principal amount of [Initial principal amount in words] [Currency in words] ([Currency symbol][Initial principal amount in figures]) (the "Certificated Notes") and constituted by the Trust Deed.

2. Interpretation

References herein to the Conditions (or to any particular numbered Condition) shall be to the Terms and Conditions of the Notes (or that particular numbered Condition) endorsed on this Definitive Note.

Terms and expressions defined in the Trust Deed and the Conditions shall bear the same meanings when used herein.

The registered Holder hereof shall be bound by, and deemed to have notice of, all the provisions of the Conditions, this Definitive Note, the Trust Deed and the Agency Agreement (the "Note Documents").

3. Registered Holder

This is to certify that:

[]

(the "**Registered Holder**") is the person registered in the register maintained by the Registrar in relation to the Notes (the "**Register**") as the duly registered Holder of:

[Initial principal amount in words] [Currency in words]

([Currency symbol][Initial principal amount in figures])

in aggregate principal amount of the Certificated Notes. This Definitive Note is evidence of entitlement only and is not a document of title. Entitlements are determined by the Registrar by reference to the Register and only the Holder is entitled to payment in respect of this Definitive Note.

4. **Entitlement to payments**

This Definitive Note evidences the entitlement of the Registered Holder to receive, subject to the terms of the Note Documents, the Principal Liability Outstanding indicated in the Register in respect of the Certificated Notes on the Interest Payment Date falling in December 2007, each Principal Payment in respect of the Certificated Notes on such earlier date as such Principal Payment may become due and repayable in accordance with the Conditions or the Trust Deed, and interest on the Certificated Notes on such date and in such an amount as such interest becomes due and payable in accordance with the Conditions or the Trust Deed. Upon each payment of principal and each payment of interest in respect of the Certificated Notes, the Registrar shall make appropriate notations in the Register.

5. **Making of payments**

Payments of principal and interest in respect of Notes represented by this Definitive Note will be made in accordance with the Note Documents. All payments of any amounts payable and paid to the Holder of this Definitive Note shall be valid and, to the extent of the sums so paid, effectual to satisfy and discharge the liability for the monies payable hereon.

[Include in USD Notes only:][The Issuer will treat the Notes as indebtedness for U.S. federal income tax purposes. Each Holder of a Note, by the acceptance hereof, agrees to treat this Definitive Note for U.S. federal income tax purposes as indebtedness.]

6. **Transfer of interests in this Definitive Note**

Transfers of interests in the Notes to which this Definitive Note relates shall be made in accordance with the Note Documents. Title to the Notes to which this Definitive Note relates passes only on due registration in the Register maintained by the Registrar and only the duly registered Holder, or if more than one person is so registered, the first-named of such persons is entitled to payment in respect of the Notes to which this Definitive Note relates.

7. **Authentication**

This Definitive Note shall not become valid for any purpose unless and until the Certificate of Authentication on this Definitive Note has been signed by or on behalf of the Registrar.

8. Governing Law

This Definitive Note is governed by, and shall be construed in accordance with, the laws of England.

IN WITNESS whereof the Issuer has caused this Definitive Note to be signed manually or in facsimile by a person duly authorised on its behalf.

Executed for and on behalf of: **Paragon Mortgages (No.15) PLC**
acting by:

By:
Name: [____]
Title: [____]

Issued in London, England on [19] July 2007

Certificate of Authentication

This is a Definitive [*Class Name*] [Rule 144A/Reg S] Note in respect of the Class [*Class Name*] Mortgage Backed Floating Rate Notes due [•] referred to in, and entitled to the benefits of, the above-mentioned Trust Deed.

Executed by: **[Citibank, N.A., London Branch]**
as Registrar (without warranty, recourse or liability) acting by:

By:
Name: [____]
Title: [____]

(Reverse of Note)

TERMS AND CONDITIONS OF THE NOTES

[Will be endorsed in the form set out in Schedule 4 to the Trust Deed]

REGISTRAR

Citibank, N.A., London Branch
Citigroup Centre
21st Floor
Canada Square
Canary Wharf
London E14 5LB

And/or such other or further Registrar and/or Specified Offices as may from time to time be duly appointed by the Issuer and notice of which has been given to the Noteholders.

Form of transfer of Definitive Note

For value received, the registered Holder of this Definitive Note, being:

hereby transfers:

in principal amount of this Definitive Note to:

of:

and irrevocably requests and authorises the Registrar to effect the relevant transfer by means of appropriate entries in the register kept by it.

Dated: []

Signed by:

By:

Name: []

Title: []

Notes

- (a) The name of the person by or on whose behalf this form of transfer is signed must correspond with the name of the registered Holder as it appears on the face of this Definitive Note.
- (b) A representative of such registered Holder should state the capacity in which he signs (e.g. executor).
- (c) The signature of the person effecting a transfer shall conform to any list of duly authorised specimen signatures supplied by the registered Holder or be certified by a recognised bank, notary public or in such other manner as the Registrar may require.
- (d) Any transfer of Notes shall be in an amount equal to an integral multiple of the Authorised Denomination of the relevant class of Notes.

SCHEDULE 3
PROVISIONS FOR MEETINGS OF NOTEHOLDERS

1. As used in this Schedule the following expressions shall have the following meanings unless the context otherwise requires:

"Voting Certificate" shall mean an English language certificate issued by the Registrar and dated in which it is stated:

- (A) that on the date thereof Relevant Notes (not being Relevant Notes in respect of which a Block Voting Instruction has been issued and is outstanding in respect of the meeting specified in such Voting Certificate and any such adjourned meeting) were either deposited with the Registrar or (to the satisfaction of the Registrar) were held to its order or under its control or blocked by a depository holding the same in a manner approved by the Trustee and that no such Relevant Notes will cease to be so deposited, held or blocked until the first to occur of:
- (1) the conclusion of the meeting specified in such certificate or, if applicable, any such adjourned meeting; and
 - (2) the surrender of the certificate to the Registrar who issued the same; and
- (B) that the bearer of such certificate is entitled to attend and vote at such meeting and any such adjourned meeting in respect of the Relevant Notes represented by such certificate;

"Block Voting Instruction" shall mean an English language document issued by the Registrar and dated in which:

- (A) it is certified that Notes of the relevant class (not being Notes in respect of which a Voting Certificate has been issued and is outstanding in respect of the meeting specified in such Block Voting Instruction and any such adjourned meeting) have been deposited with the Registrar or (to the satisfaction of the Registrar) are held to its order or under its control or blocked by a depository holding the same in a manner approved by the Trustee and that no such Notes will cease to be so deposited, held or blocked until the first to occur of:
- (1) the conclusion of the meeting specified in such document or, if applicable, any such adjourned meeting; and
 - (2) the surrender to the Registrar, not less than 48 hours before the time for which such meeting or any such adjourned meeting is convened, of the receipt issued by the Registrar in respect of each such deposited Note which is to be released or (as the case may require) the Note or Notes ceasing with the agreement of the Registrar to be held to its order or under its control or blocked and the giving of notice by the Registrar to

the Issuer in accordance with paragraph 17 below of the necessary amendment to the Block Voting Instruction;

- (B) it is certified that each Holder of such Notes has instructed the Registrar or that DTC, Euroclear or Clearstream, Luxembourg has advised the Registrar that the Holder of such Notes has given instructions, that the vote(s) attributable to the Note(s) so deposited, held or blocked should be cast in a particular way in relation to the resolution or resolutions to be put to such meeting or any such adjourned meeting and that all such instructions are during the period commencing 48 hours prior to the time for which such meeting or any such adjourned meeting is convened and ending at the conclusion or adjournment thereof neither revocable or capable of amendment;
- (C) the total number and the serial numbers of the Notes so deposited, held or blocked are listed distinguishing with regard to each such resolution between those in respect of which instructions have been given as aforesaid that the votes attributable thereto should be cast in favour of the resolution and those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution; and
- (D) one or more persons named in such document (each hereinafter called "**proxy**") is or are authorised and instructed by the Registrar to cast the votes attributable to the Relevant Notes so listed in accordance with the instructions referred to above as set out in such document.

"**48 hours**" shall mean a period of 48 hours including all or part of two days upon which banks are open for business in both the place where the relevant meeting is to be held and in each of the places where the Registrar has its Specified Office (disregarding for this purpose the day upon which such meeting is to be held) and such period shall be extended by one or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of two days upon which banks are open for business as aforesaid; and

"**24 hours**" shall mean a period of 24 hours including all or part of a day upon which banks are open for business in both the place where the relevant meeting is to be held and in each of the places where the Registrar has its Specified Office (disregarding for this purpose the day upon which such meeting is to be held) and such period shall be extended by one or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of a day upon which banks are open for business as aforesaid.

"**Notes**" and "**Noteholders**" shall mean:

- (A) in connection with a meeting of Class A Noteholders, "Class A Notes" and "Class A Noteholders" respectively;
- (B) in connection with a meeting of Class B Noteholders, "Class B Notes" and "Class B Noteholders" respectively;

- (C) in connection with a meeting of Class C Noteholders, "Class C Notes" and "Class C Noteholders" respectively.

The holder of any Voting Certificate or the proxies named in any Block Voting Instruction shall for all purposes in connection with the relevant meeting or adjourned meeting of Noteholders be deemed to be the Holder of the Notes to which such Voting Certificate or Block Voting Instruction relates and the Registrar or the person holding the same to the order or under the control of the Registrar or the person holding the same blocked as aforesaid shall be deemed for such purposes not to be the Holder of those Notes.

In respect of any meeting of Holders of one or more classes of Notes, "**Relevant Noteholders**" means each of the Noteholders entitled to attend and vote at that meeting and "**Relevant Notes**" means those Notes.

2. The Issuer or the Trustee may at any time and the Issuer shall upon a requisition in writing signed by the Holders of not less than 10 per cent. of the GBP Equivalent Initial Principal Amount of the Notes for the time being then outstanding convene a meeting of the Noteholders and if the Issuer makes default for a period of seven days in convening such a meeting the same may be convened by the Trustee or the requisitionists. Every such meeting shall be held at such place as the Trustee may appoint or approve.
3. At least 21 days' notice (exclusive of the day on which the notice is given and the day on which the meeting is held) specifying the place, day and hour of meeting shall be given by the Trustee (if the meeting is convened by the Trustee) or by the Issuer (if the meeting is convened by the Issuer) to the Relevant Noteholders prior to any meeting of the Relevant Noteholders in the manner provided by Condition 12. Such notice shall state generally the nature of the business to be transacted at the meeting thereby convened by and (except for an Extraordinary Resolution) it shall not be necessary to specify in such notice the terms of any resolution to be proposed. Such notice shall include a statement to the effect that Notes may be deposited with the Registrar or (to their satisfaction) held to their order or under their control or blocked by a depository holding the same in a manner approved by the Trustee for the purpose of obtaining Voting Certificates or appointing proxies until 48 hours before the time fixed for the meeting but not thereafter. A copy of the notice shall be sent by post to the Trustee (unless the meeting is convened by the Trustee) and to the Issuer (unless the meeting is convened by the Issuer).
4. Some person (who may but need not be a Noteholder) nominated in writing by the Trustee shall be entitled to take the chair at every such meeting but if no such nomination is made or if at any meeting the person nominated shall not be present within fifteen minutes after the time appointed for holding the meeting the relevant Noteholders present shall choose one of their number to be Chairman.
5. At any meeting for all business other than voting on an Extraordinary Resolution two or more persons present being Holders of Relevant Notes or Voting Certificates or

being proxies in respect thereof and holding or representing not less than 5 per cent. of the aggregate GBP Equivalent Initial Principal Amount of the Relevant Notes then outstanding shall (except for the purposes of passing an Extraordinary Resolution) form a quorum for the transaction of business and no business (other than the choosing of a Chairman) shall be transacted at any meeting unless the requisite quorum be present at the commencement of business.

The quorum at any such meeting for passing an Extraordinary Resolution shall (subject as provided below) be two or more persons present being Holders of Relevant Notes or Voting Certificates or being proxies in respect thereof and holding or representing greater than 50 per cent. of the aggregate GBP Equivalent Initial Principal Amount of the Relevant Notes then outstanding **provided that** at any meeting the business of which includes any of the following matters (each being a "**Basic Terms Modification**" each of which shall only be capable of being effected after having been approved by Extraordinary Resolution (and in the case of business affecting any class of Noteholders an Extraordinary Resolution of a meeting of that class)) namely:

- (A) modification of the date fixed for final maturity of any Note or modification of the method of calculating the Principal Payment payable on any Note or modification of the date of payment of any Principal Payment on any Note;
- (B) reduction or cancellation of the principal payable on any Note or any alteration of the date or priority of redemption of any Note;
- (C) alteration of the amount of interest payable on any Note (including, for the avoidance of doubt, Additional Interest and/or Deferred Interest) or modification of the method of calculating the amount of interest payable on any Note or modification of the date of payment of any interest payable on any Note;
- (D) alteration of the currency in which payments under any Note are to be made;
- (E) alteration of the majority required to pass an Extraordinary Resolution or the manner in which such majority is constituted;
- (F) the sanctioning of any such scheme or proposal as is described in paragraph 18(1) below;
- (G) alteration of this proviso or the proviso to paragraph 6 below;
- (H) alteration of the priorities of payments set out in clauses 6.1.2, 6.2 and 8.2 of the Deed of Charge; or
- (I) any proposal to effect the exchange, conversion or substitution of the Notes of any class for, or the conversion of the Notes into, shares, bonds or other obligations or securities of the Issuer or any other person;

the quorum shall (subject as provided further below) be two or more persons present being Holders of Relevant Notes or Voting Certificates or being proxies in respect

thereof and holding or representing greater than 75 per cent. of the aggregate GBP Equivalent Initial Principal Amount of the Relevant Notes then outstanding.

A Basic Terms Modification shall be not be effective unless sanctioned by an Extraordinary Resolution duly passed at separate meetings of the Holders of each class of Notes. In any other case, no such separate meetings of holders of different classes of Notes in the same Series will be required unless an Enforcement Notice has been served.

6. If within fifteen minutes after the time appointed for any such meeting a quorum is not present the meeting shall, if convened upon the requisition of the Noteholders, be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if such day is a public holiday the next succeeding business day) at the same time and place (except in the case of a meeting at which an Extraordinary Resolution is to be proposed in which case it shall stand adjourned for such period being not less than 14 days nor more than 42 days, and at such place as may be appointed by the Chairman of the meeting and approved by the Trustee) and at such adjourned meeting two or more persons present being Holders of Relevant Notes or Voting Certificates or being proxies in respect thereof (whatever the aggregate of the Initial Principal Amount of the Relevant Notes then outstanding held) shall (subject as provided below) form a quorum and shall (subject as provided below) have power to pass any Extraordinary Resolution or other resolution and to decide upon all matters which could properly have been dealt with at the meeting from which the adjournment took place had the requisite quorum been present **provided that** at any adjourned meeting the business of which includes any of the matters specified in the proviso to paragraph 5 above, the quorum shall (subject as provided further below) be two or more persons present being Holders of Relevant Notes or Voting Certificates or being proxies in respect thereof and holding or representing greater than 25 per cent. of the aggregate GBP Equivalent Initial Principal Amount of the Relevant Notes then outstanding.
7. Notice of any adjourned meeting at which an Extraordinary Resolution is to be submitted shall be given in the same manner as notice of an original meeting but as if 10 were substituted for 21 in paragraph 3 above and such notice shall (except in cases where the proviso to paragraph 6 above shall apply when it shall state the relevant quorum) state that the persons present holding Relevant Notes, or Voting Certificates or being proxies in respect thereof at the adjourned meeting (whatever the aggregate of the Initial Principal Amount of the Relevant Notes then outstanding held) will form a quorum. Subject as aforesaid it shall not be necessary to give any notice of any adjourned meeting.
8. Every resolution submitted to a meeting shall (subject to paragraph 20) be decided by a simple majority, in the first instance by a show of hands, then (subject to paragraph 9) by a poll and in case of equality of votes the Chairman shall both on a show of hands and on a poll have a casting vote in addition to the vote or votes (if any) to which he may be entitled as a Noteholder (in the case of Definitive Notes) or as a holder of a Voting Certificate or as a proxy.

9. At any meeting (unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman or the Issuer or by two or more persons present being Holders of Relevant Notes or Voting Certificates or being proxies in respect thereof and holding or representing not less than 2 per cent. of the aggregate GBP Equivalent Initial Principal Amount of the Relevant Notes then outstanding) a declaration by the Chairman that a resolution has been carried by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour or against such resolution.
10. Subject to paragraph 12 below, if at any such meeting a poll is so demanded, it shall be taken in such manner and subject as hereinafter provided either at once or after an adjournment as the Chairman directs and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded as at the date of the taking of the poll. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the motion on which the poll has been demanded.
11. The Chairman may with the consent of (and shall if directed by) any such meeting adjourn the same from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully (but for lack of required quorum) have been transacted at the meeting from which the adjournment took place.
12. Any poll demanded at any such meeting on the election of a Chairman or on any question of adjournment shall be taken at the meeting without adjournment.
13. The Trustee and its lawyers and any director, officer or employee of a corporation being a trustee of these presents and any director or officer of the Issuer and the lawyers of the Issuer and any other person authorised in that behalf by the Trustee may attend and speak at any meeting. Save as aforesaid but without prejudice to the proviso to the definition of "outstanding" in Clause 1 of this Trust Deed, no person shall be entitled to attend and speak nor shall any person be entitled to vote at any meeting of the Noteholders or join with others in requesting the convening of such a meeting or to exercise the rights conferred on the Noteholders by Conditions 9 and 10 unless he either produces the Note(s) of which he is the Holder or a Voting Certificate or is a proxy. Subject to the proviso to the definition of "outstanding" in Clause 1 of this Trust Deed, neither the Issuer, PFPLC, PML, MTS, MTL nor the Administrator nor any of their respective subsidiaries or holding companies or other subsidiaries of such holding companies shall be entitled to vote at any meeting in respect of Notes held beneficially by it or for its account. Nothing herein contained shall prevent any of the proxies named in any Block Voting Instruction from being a director, officer or representative or otherwise connected with the Issuer.
14. Subject as provided in paragraph 13 hereof at any meeting:

- (A) on a show of hands every person who is present in person and produces a Definitive Note, or a Voting Certificate or is a proxy in respect thereof shall have one vote; and
- (B) on a poll every person who is so present shall have one vote in respect of each £1 in principal amount of the GBP Equivalent Initial Principal Amount of the Relevant Notes then outstanding so produced or represented by the Voting Certificate so produced or in respect of which he is a proxy.

Without prejudice to the obligations of the proxies named in any Block Voting Instruction any person entitled to more than one vote need not use all his votes or cast all the votes to which he is entitled in the same way.

15. The proxies named in any Block Voting Instruction need not be Noteholders.
16. Each Block Voting Instruction together (if so required by the Trustee) with proof satisfactory to the Trustee of its due execution on behalf of the Registrar shall be deposited at such place as the Trustee shall approve not less than 24 hours before the time appointed for holding the meeting or adjourned meeting at which the proxies named in the Block Voting Instruction propose to vote and in default of such deposit the Block Voting Instruction shall not be treated as valid unless the Chairman of the meeting decides otherwise before such meeting or adjourned meeting proceeds to business. A notarially certified copy of each Block Voting Instruction shall, unless the Trustee otherwise agrees, be deposited with the Trustee before the commencement of the meeting or adjourned meeting but the Trustee shall not thereby be obliged to investigate or be concerned with the validity of or the authority of the proxies named in any such Block Voting Instruction.
17. Any vote cast in accordance with the terms of a Block Voting Instruction shall be valid notwithstanding the previous revocation or amendment of the Block Voting Instruction or of any of the Noteholder's instructions pursuant to which it was executed **provided that** no intimation in writing of such revocation or amendment shall have been received from the Registrar by the Issuer at its registered office (or such other place as may have been approved by the Trustee for the purpose) by the time being 24 hours before the time appointed for holding the meeting or adjourned meeting at which the Block Voting Instruction is to be used.
18. A meeting of the Noteholders of the Class A Notes, the Class B Notes or the Class C Notes, shall in addition to the powers hereinbefore given have the following powers exercisable by Extraordinary Resolution (subject to the provisions relating to quorum contained in paragraphs 5 and 6 above) only, namely:
 - (A) Power to sanction any compromise or arrangement proposed to be made between the Issuer and the Class A Noteholders, the Class B Noteholders or the Class C Noteholders.
 - (B) Power to sanction any abrogation, modification, compromise or arrangement in respect of the rights of the Class A Noteholders, the Class B Noteholders or

the Class C Noteholders, as the case may be, against the Issuer or against any of its property or against any other person whether such rights shall arise under these presents, any of the Notes or otherwise.

- (C) Power to assent to any modification of the provisions contained in these presents, the Class A Notes, the Class B Notes or the Class C Notes, as the case may be, (including the Conditions) or the provisions of any of the Relevant Documents which shall be proposed by the Issuer or the Trustee.
- (D) Power to give any authority or sanction which under the provisions of these presents or the Class A Notes, the Class B Notes or the Class C Notes, as the case may be, (including the Conditions) is required to be given by Extraordinary Resolution.
- (E) Power to appoint any persons (whether Noteholders or not) as a committee or committees to represent the interests of the Class A Noteholders, the Class B Noteholders or the Class C Noteholders, as the case may be, and to confer upon such committee or committees any powers or discretions which the Class A Noteholders, the Class B Noteholders or the Class C Noteholders, as the case may be, could themselves exercise by Extraordinary Resolution.
- (F) Power to approve of a person to be appointed a trustee and power to remove any trustee or trustees for the time being of these presents.
- (G) Power to discharge or exonerate the Trustee from all liability in respect of any act or omission for which the Trustee may have become responsible under these presents or under the Class A Notes, Class B or the Class C Notes.
- (H) Power to authorise the Trustee to concur in and execute and do all such deeds, instruments, acts and things as may be necessary to carry out and give effect to any Extraordinary Resolution.
- (I) Power to sanction any scheme or proposal for the exchange or sale of the Class A Notes, the Class B Notes or the Class C Notes, as the case may be, for, or the conversion of the Class A Notes, the Class B Notes or the Class C Notes as the case may be, into, or the cancellation of the Class A Notes, the Class B Notes or the Class C Notes, as the case may be, in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or of any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash.

provided that no Extraordinary Resolution of the Class B Noteholders or the Class C Noteholders shall be effective unless (a) the Trustee is of the sole opinion that it will not be materially prejudicial to the interests of the Class A Noteholders (and the Class B Noteholders in the case of an Extraordinary Resolution of the Class C Noteholders)

or (b) it is sanctioned by an Extraordinary Resolution of the Class A Noteholders (and the Class B Noteholders in the case of an Extraordinary Resolution of the Class C Noteholders) or (c) none of the Class A Notes (and the Class B Notes in the case of an Extraordinary Resolution of the Class C Noteholders) remains outstanding.

19. Subject to the provisos to paragraph 18 above, any resolution passed at a meeting of the Relevant Noteholders duly convened and held in accordance with these presents shall be binding upon all the Relevant Noteholders whether present or not present at such meeting and whether or not voting irrespective of its effect upon such Relevant Noteholders; and, in such case, each of such Relevant Noteholders shall be bound to give effect to such resolution accordingly and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof. Notice of the result of the voting on any resolution duly considered by the Relevant Noteholders shall be published in accordance with Condition 12 as the case may be by the Issuer within 14 days of such result being known **provided that** the non-publication of such notice shall not invalidate such resolution.
20. The expression "**Extraordinary Resolution**" when used in these presents means a resolution passed at a meeting of the Relevant Noteholders duly convened and held in accordance with the provisions herein contained by a majority consisting of not less than 75 per cent. of the persons voting thereat upon a show of hands or if a poll be duly demanded then by a majority consisting of not less than 75 per cent. of the votes given on such poll.
21. Minutes of all resolutions and proceedings at every such meeting as aforesaid shall be made and duly entered in books to be from time to time provided for that purpose by the Issuer and any such Minutes as aforesaid if purporting to be signed by the Chairman of the meeting at which such resolutions were passed or proceedings had shall be conclusive evidence of the matters therein contained and until the contrary is proved every such meeting in respect of the proceedings of which Minutes have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had thereat to have been duly passed or had.
22. Subject to all other provisions contained in these presents the Trustee may without the consent of the Issuer or the Noteholders prescribe such further regulations regarding the requisitioning and/or the holding of meetings of Noteholders and attendance and voting thereat as the Trustee may in its sole discretion think fit.
23. References herein to a "**resolution duly passed at a meeting of the Noteholders**" shall include, where the context permits, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting in accordance with the provisions contained in this Trust Deed. Such resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Noteholders.
24. So long as the Notes are represented by any Global Note, the Holder of a Global Note shall for the purposes of paragraph 5 be deemed to constitute a quorum and for the

purposes of this Schedule be deemed to be holding such principal amount of those Notes (up to the Initial Principal Amount of those Notes then outstanding) as the Holder of such Global Notes may specify and able to vote such amount for or against or to abstain from voting in such principal amount as the Holder may specify.

25. If in the Trustee's opinion, there is a conflict between the interests of the Holders of the different classes of Notes in the same Series the Trustee shall (subject to the provisions of paragraphs 5 and 6 above) be entitled to act or refrain from acting upon directions given by a specified percentage of the Noteholders of the Notes of that Series irrespective of class and the Trustee shall (in the absence of a conflict of interest between the Holders of the different classes of Notes in the same Series) regard each Series of Notes as a single class and will not consider the consequences of any action taken or refrained from being taken by it as between each separate class of Notes within that Series.

SCHEDULE 4
TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions (subject to completion and amendment, the "**Conditions**") which apply to the Notes and, if Definitive Notes were to be issued, will be endorsed on the Notes. While any Notes remain in global form the Conditions govern them, except to the extent that they are appropriate only to Notes in definitive form.

SCHEDULE 5

Part A

Forms of Rule 144A Transfer Certificate

Paragon Mortgages (No. 15) plc

St. Catherine's Court
Herbert Road
Solihull
West Midlands B91 3QE
United Kingdom

Citicorp Trustee Company Limited

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

Reference is hereby made to the Trust Deed dated as of 19 July 2007 (the "**Trust Deed**") between Paragon Mortgages (No. 15) plc (the "**Issuer**") and Citicorp Trustee Company Limited, as Trustee. Capitalised terms used but not defined herein shall have the meanings given to them in the Trust Deed.

NOTE: INSERT [A] FOR TRANSFERS OF AN INTEREST IN A REG S GLOBAL NOTE TO TRANSFEREES THAT TAKE DELIVERY IN THE FORM OF AN INTEREST IN A RULE 144A GLOBAL NOTE. INSERT [B] FOR TRANSFERS OF AN INTEREST IN A REG S GLOBAL NOTE TO TRANSFEREES THAT TAKE DELIVERY IN THE FORM OF A RULE 144A DEFINITIVE NOTE. INSERT [C] FOR TRANSFERS OF A REG S DEFINITIVE NOTE TO TRANSFEREES THAT TAKE DELIVERY IN THE FORM OF AN INTEREST IN A RULE 144A GLOBAL NOTE. INSERT [D] FOR TRANSFERS OF A REG S DEFINITIVE NOTE TO TRANSFEREES THAT TAKE DELIVERY IN THE FORM OF A RULE 144A DEFINITIVE NOTE.

[A] This letter relates to _____ principal amount of Notes that are held in the form of a beneficial interest in a Reg S Global Note (CINS No. _____) in the name of [insert name of transferor] (the "**Transferor**") through [Euroclear] [Clearstream, Luxembourg] (ISIN No. _____), which in turn holds through the Common Depository. The Transferor has requested a transfer of such beneficial interest in a Regulation S Global Note for a beneficial interest in a Rule 144A Global Note of the same Class registered in the name of [insert name of transferee] (the "**Transferee**") through DTC (CUSIP No. _____).

- [B] This letter relates to _____ principal amount of Notes that are held in the form of a beneficial interest in a Regulation S Global Note (CINS No. _____) in the name of [insert name of transferor] (the "**Transferor**") through [Euroclear] [Clearstream, Luxembourg] (ISIN No. _____), which in turn holds through the Common Depository. The Transferor has requested a transfer of such beneficial interest in a Regulation S Global Note for a Rule 144A Definitive Note of the same Class registered in the name of [insert name of transferee] (the "**Transferee**").
- [C] This letter relates to _____ principal amount of Notes that are represented by a Regulation S Definitive Note registered in the name of [insert name of transferor] (the "**Transferor**"). The Transferor has requested a transfer of such Regulation S Definitive Note for a beneficial interest in a Rule 144A Global Note of the same Class registered in the name of [insert name of transferee] (the "**Transferee**") through DTC (CUSIP No. _____).
- [D] This letter relates to _____ principal amount of Notes that are represented by a Regulation S Definitive Note registered in the name of [insert name of transferor] (the "**Transferor**"). The Transferor has requested a transfer of such Regulation S Definitive Note for a Rule 144A Definitive Note of the same Class registered in the name of [insert name of transferee] (the "**Transferee**").

In connection with such request, and in respect of such Notes, the Transferor does hereby certify that such transfer has been effected in accordance with the transfer restrictions set forth in the Trust Deed and the Notes and pursuant to and in accordance with Rule 144A under the Securities Act, and accordingly the Transferor does hereby certify that:

- (1) It has notified the Transferee that (i) the Notes have not been and will not be registered under the Securities Act and the Issuer has not been and will not be registered as an "investment company" under the Investment Company Act; (ii) neither the Notes nor any beneficial interest therein may be re-offered, resold, pledged or otherwise transferred absent an exemption from the registration requirements of the Securities Act and applicable state securities laws; (iii) the transferee will be required to notify any subsequent transferee of the Notes of such transfer restrictions and (iv) this sale is being made in reliance on an exemption from the registration provisions of Section 5 of the Securities Act provided by Rule 144A.
- (2) It has notified the Transferee that any purported transfer of the Notes to a transferee that does not comply with the applicable transfer restriction requirements described in this transfer certificate will be null and void ab initio and the transferee or purported transferee will not be entitled to any rights as a holder of the Notes and the Issuer will have the right to force the transfer of, or redeem, the Notes.
- (3) The transaction is not part of a plan or scheme to evade either alone or in conjunction with any other person the registration requirements of the Securities Act or the Investment Company Act.

(4) The Note is not being sold, pledged or otherwise transferred in a denomination of less than the Authorised Denomination.

This certificate and the statements contained herein are made for your benefit.

[INSERT NAME OF TRANSFEROR]

By:

Name:

Title:

By:

Name:

Title:

Dated _____, _____

Part B
Form of Regulation S Transfer Certificate

Paragon Mortgages (No. 15) plc

St. Catherine's Court
 Herbert Road
 Solihull
 West Midlands B91 3QE
 United Kingdom

Citicorp Trustee Company Limited

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

Reference is hereby made to the Trust Deed dated as of 19 July 2007 (the "**Trust Deed**") between Paragon Mortgages (No. 15) Plc (the "**Issuer**") and Citicorp Trustee Company Limited, as Trustee. Capitalised terms used but not defined herein shall have the meanings given to them in the Trust Deed.

NOTE: INSERT [A] FOR TRANSFERS OF A RULE 144A GLOBAL NOTE TO TRANSFEREES THAT TAKE DELIVERY IN THE FORM OF AN INTEREST IN A REG S GLOBAL NOTE. INSERT [B] FOR TRANSFERS OF AN INTEREST IN A RULE 144A GLOBAL NOTE TO TRANSFEREES THAT TAKE DELIVERY IN THE FORM OF A REG S DEFINITIVE NOTE. INSERT [C] FOR TRANSFERS OF A RULE 144A DEFINITIVE NOTE TO TRANSFEREES THAT TAKE DELIVERY IN THE FORM OF A REG S DEFINITIVE NOTE. INSERT [D] FOR TRANSFERS OF A RULE 144A DEFINITIVE NOTE TO TRANSFEREES THAT TAKE DELIVERY IN THE FORM OF AN INTEREST IN A REG S GLOBAL NOTE. INSERT [E] FOR TRANSFERS OF A REG S DEFINITIVE NOTE TO TRANSFEREES THAT TAKE DELIVERY IN THE FORM OF A REG S DEFINITIVE NOTE DURING THE DISTRIBUTION COMPLIANCE PERIOD.

- [A] This letter relates to _____ principal amount of Notes that are held in the form of a beneficial interest in a Rule 144A Global Note (CUSIP No. _____) in the name of [insert name of transferor] (the "**Transferor**") through DTC. The Transferor has requested a transfer of the beneficial interest in such Notes for a beneficial interest in a Regulation S Global Note of the same Class (CINS No. _____) to be held by [insert name of transferee] (the "**Transferee**") through [Euroclear] [Clearstream, Luxembourg] (ISIN No. _____), which in turn holds through the Common Depository. Delivered herewith is a Transfer Certification completed by the Transferor.

- [B] This letter relates to _____ principal amount of Notes that are held in the form of a beneficial interest in a Rule 144A Global Note (CUSIP No. _____) in the name of [insert name of transferor] (the "**Transferor**") through DTC. The Transferor has requested a transfer of such Notes for a Regulation S Definitive Note of the same Class (CINS No. _____) registered in the name of [insert name of transferee] (the "**Transferee**"). Delivered herewith is a Transfer Certification completed by the Transferor.
- [C] This letter relates to _____ principal amount of Notes that are represented by a Rule 144A Definitive Note registered in the name of [insert name of transferor] (the "**Transferor**"). The Transferor has requested a transfer of such Notes for a Regulation S Definitive Note registered in the name of [insert name of transferee] (the "**Transferee**"). Delivered herewith is a Transfer Certification completed by the Transferor.
- [D] This letter relates to _____ principal amount of Notes that are represented by a Rule 144A Definitive Note registered in the name of [insert name of transferor] (the "**Transferor**"). The Transferor has requested a transfer of such Notes for a beneficial interest in a Regulation S Global Note of the same Class (CINS No. _____) to be held by [insert name of transferee] (the "**Transferee**") through [Euroclear][Clearstream, Luxembourg] (ISIN No. _____), which in turn holds through the Depository. Delivered herewith is a Transfer Certification completed by the Transferor.
- [E] This letter relates to _____ principal amount of Notes that are represented by a Regulation S Definitive Note registered in the name of [insert name of transferor] (the "**Transferor**"). The Transferor has requested a transfer of such Notes for a Regulation S Definitive Note registered in the name of [insert name of transferee] (the "**Transferee**"). Delivered herewith is a Transfer Certification completed by the Transferor.

In connection with such request and in respect of such Notes, the Transferor does hereby certify that such transfer has been effected in accordance with the transfer restrictions set forth in the Trust Deed and the Notes and pursuant to and in accordance with Regulation S under the Securities Act, and accordingly the Transferor does hereby certify that:

- (1) It has notified the transferee that (i) the Notes have not been and will not be registered under the Securities Act and the Issuer has not been and will not be registered as an "investment company" under the Investment Company Act; (ii) neither the Notes nor any beneficial interest therein may be re-offered, resold, pledged or otherwise transferred absent an exemption from the registration requirements of the Securities Act and applicable state securities laws; (iii) the transferee will be required to notify any subsequent transferee of the Notes of such transfer restrictions and (iv) during the Distribution Compliance Period, the interests in the Regulation S Global Note may only be held through Euroclear or Clearstream, Luxembourg.

- (2) At the time the buy order was originated, the transferee was outside the United States or the Transferor and any person acting on its behalf reasonably believed that the transferee was outside of the United States.
- (3) If the Transferee is acquiring the Note prior to expiration of the Distribution Compliance Period, the Transferor reasonably believes that the Transferee is a non-U.S. person (within the meaning of Regulation S under the Securities Act) who is purchasing the Note in an offshore transaction.
- (4) The transaction is not part of a plan or scheme to evade either alone or in conjunction with any other person the registration requirements of the Securities Act or the Investment Company Act.
- (5) The Note is not being sold, pledged or otherwise transferred in a denomination of less than the Authorised Denomination.

This certificate and the statements contained herein are made for your benefit.

[INSERT NAME OF TRANSFEROR]

By:

Name:

Title:

By:

Name:

Title:

Dated _____, ____

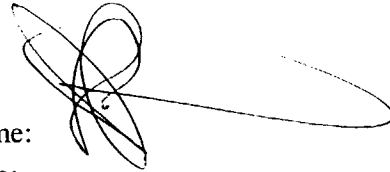
Execution Page

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: *M. Courtney*
Witness

Name: MADELEINE COURTNEY

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

Executed as a deed by:
acting by:

Citicorp Trustee Company Limited

By:
Name:
Title:



Viola Japaul
Director

By:
Name:
Title:



David Maras
Director